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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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(For Department Staff Only)

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HIGHLIGHTS: Both Houses received President's message recommending study of inter-governmental relations. Senate took final congressional action on measure to make FSA reorganization effective. Senate received nomination of Nelsen as REA Administrator. Sen. Aiken (for himself and Sen. Ellender) introduced and discussed FCA reorganization bill. House committee reported Md. tobacco price-support bill.

SENATE

- 1. REORGANIZATION.** Both Houses received the President's message recommending creation of a commission to study the means of achieving a sounder relationship between Federal, State, and local governments (H. Doc. 114); to Senate Committee on Government Operations and House Committee of the Whole (pp. 2551-2, 2560-1). Passed without amendment H. J. Res. 223, to make effective the Reorganization Plan providing for a Department of Health, Education, and Welfare (pp. 2533, 2540-51). This measure will now be sent to the President.
- 2. TRANSPORTATION.** Passed without amendment H. R. 3659, to extend until July 1, 1955, the period during which personal and household effects brought into the U. S. under Government orders shall be exempt from duty (p. 2528). This bill will now be sent to the President.
Passed as reported S. Con. Res. 19, establishing a joint committee to make a study of public transportation serving D. C. (pp. 2532-3).
- 3. SOIL CONSERVATION.** Received a Vt. Legislature memorial favoring ACP (p. 2498).
- 4. FARM PROGRAM.** Sen. Humphrey inserted resolutions from the Farmers Union Central Exchange, St. Paul, favoring ACP, crop insurance, and stronger price supports (pp. 2505-6).
- 5. PRICE SUPPORTS.** Sen. Humphrey inserted farmers' statements favoring price supports (pp. 2506-7).
- 6. RURAL ELECTRIFICATION.** Sen. Humphrey inserted REA cooperatives' resolutions favoring their construction of generating plants and transmission lines and

recommending the St. Lawrence waterway (p. 2507).

6A. NOMINATION. Received nomination of Archer Nelson to be REA Administrator (p. 2553).

7. ADJOURNED until Wed., Apr. 1 (p. 2533).

HOUSE

8. SUBMERGED LANDS. Began debate on H. R. 4198, to confirm and establish the titles of the States to submerged lands (pp. 2580-630). The Judiciary Committee reported the bill (H. Rept. 215), and the Rules Committee granted a rule for its consideration, earlier in the day (p. 2633).

9. TOBACCO PRICE SUPPORTS. The Agriculture Committee reported without amendment H. R. 1432, providing for price supports on the 1952 crop of Maryland tobacco at 90% of parity (H. Rept. 224) (p. 2633).

10. PUBLIC LANDS. The Interior and Insular Affairs Committee reported with amendment H. R. 1551, declaring the U. S. holds certain lands in trust for the Winn. Chippewa Indian Tribe (H. Rept. 220) (p. 2633).

11. COMMITTEE ASSIGNMENTS. Rep. Fine resigned from membership on the Government Operations Committee, and Rep. Pilcher was elected to this Committee (p. 2556).

12. MONEY AND BANKING. Rep. Patman discussed current Government monetary policies, and urged Congress to take remedial action if the Federal Reserve Board does not soon support the Government bond market and continues to follow its tight money and high interest policies (pp. 2630-1).

13. RECLAMATION, FLOOD CONTROL, PUBLIC LANDS. Received various N. Mex. Legislature memorials urging construction of headwater dams and water storage reservoirs within the State, and requesting Congress to grant the State 500,000 acres of public lands (pp. 2634-5).

Received a Kansas Legislature memorial urging delay in constructing the Tuttle Creek Dam (p. 2634).

BILLS INTRODUCED

14. FARM CREDIT. S. 1505, by Sen. Aiken, for himself and Sen. Ellender, to increase farmer participation in ownership and control of the Federal Farm Credit System; to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; to Agriculture and Forestry Committee (p. 2508). Remarks of author (pp. 2510-1).

15. FORESTS. S. 1509, by Sen. Aiken, to facilitate the administration of the national forests; to provide for the orderly use, improvement, and development thereof; to stabilize the livestock industry dependent thereon; to Agriculture and Forestry Committee (p. 2508).

16. LANDS. S. 1510, by Sen. Mansfield, to extend the provisions of the act of March 20, 1922 (42 Stat. 465), as amended, to certain lands in the State of Montana; to Agriculture and Forestry Committee (p. 2508).

17. TRADE AGREEMENTS. H. R. 4294, by Rep. Simpson (Pa.) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended; to Ways and Means Committee (p. 2633).

18. PERSONNEL. H. R. 4296, by Rep. Broyhill, to amend the Civil Service Retirement Act of May 29, 1930, as amended, with respect to years of service required for

83D CONGRESS
1ST SESSION

S. 1505

IN THE SENATE OF THE UNITED STATES

MARCH 30, 1953

Mr. AIKEN (for himself and Mr. ELLENDER) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To increase farmer participation in ownership and control of the Federal Farm Credit System; to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3

4 SECTION 1. This Act may be cited as the “Farm Credit
5 Act of 1953”.

6 DECLARATION OF POLICY

7 SEC. 2. It is declared to be the policy of the Congress
8 to encourage and facilitate increased borrower participation

1 in the management, control, and ultimate ownership of the
2 permanent system of agricultural credit made available
3 through institutions operating under the supervision of the
4 Farm Credit Administration, and the provisions of this Act
5 shall be construed in keeping with this policy. The Federal
6 Farm Credit Board hereinafter provided for shall within one
7 year after appointment make recommendations to the Con-
8 gress of means, supplemental to those provided by this Act,
9 of carrying into effect such declared policy.

10 FARM CREDIT ADMINISTRATION

11 SEC. 3. The Farm Credit Administration shall be in the
12 Department of Agriculture. The Secretary of Agriculture
13 shall report to the President with respect to the operations
14 and functions of the Farm Credit Administration. The Fed-
15 eral Farm Credit Board, hereinafter provided for, shall have
16 direction, supervision, and control of the Farm Credit Ad-
17 ministration and of its operations and functions, as in this
18 Act provided.

19 FEDERAL FARM CREDIT BOARD

20 SEC. 4. (a) There shall be established in the Farm
21 Credit Administration, a Federal Farm Credit Board (here-
22 inafter referred to as the "Board"). Said Board shall con-
23 sist of thirteen members. Twelve of the members, one from
24 each of the farm credit districts of the United States, shall
25 be known as appointed members and shall be appointed by

1 the President with the advice and consent of the Senate,
2 upon nominations made as follows: The national farm loan
3 associations in the district shall designate one nominee, the
4 production credit associations in the district shall designate
5 one nominee, and the cooperatives which are stockholders
6 or subscribers to the guaranty fund of the bank for coopera-
7 tives of the district shall designate one nominee, in accord-
8 ance with the procedure prescribed in sections 5 (e) and
9 5 (f) of the Farm Credit Act of 1937 for the nomination
10 and election of members of a district farm credit board, ex-
11 cept that only the two persons receiving the highest num-
12 ber of votes shall be included in the list of nominees prepared
13 as a result of the voting under the procedure prescribed in
14 said section 5 (e) provided that the names of all those who
15 are tied for second place as a result of said voting shall be
16 included in the list; and in case of a tie in the voting under
17 the procedure prescribed in said section 5 (f) the procedure
18 prescribed therein shall be followed again until the tie is
19 broken; and provided that if the same person would other-
20 wise be on the list of nominees of more than one of said
21 groups as a result of the voting under said section 5 (e)
22 he may choose the one list on which his name shall appear,
23 and otherwise his name shall appear only on the list of the
24 two highest nominees of the group which gave him the

1 highest percentage of its votes. Subsequent appointments
2 shall be made upon like nominations and in like manner.

3 (b) Each appointed member of said Board shall be a
4 citizen of the United States and shall have been a resident
5 of the farm credit district from which appointed for not less
6 than ten years next preceding his appointment, and the
7 removal of residence from the district during his tenure shall
8 operate as a termination of his membership on said Board.
9 No appointed member of said Board shall be eligible to serve
10 for more than one full term of six years, and, in addition,
11 a term of less than six years if he is one of the first mem-
12 bers to be appointed for the unexpired portion of one term
13 expiring before his appointment to a full term. No person
14 shall be eligible for nomination or appointment to member-
15 ship as an appointed member on said Board if such person
16 has within one year next preceding the commencement of
17 the term been a salaried officer or employee of the Farm
18 Credit Administration, or a salaried officer or employee of
19 any corporation operating under the supervision of the Farm
20 Credit Administration. Any person who is a member of the
21 district farm credit board when appointed as a member of the
22 Federal Farm Credit Board shall resign as a member of the
23 district board before assuming his duties as a member of
24 the Federal Farm Credit Board. No person who becomes an
25 appointed member of said Board shall be eligible to continue

1 to serve as a member thereof if such person becomes a mem-
2 ber of any district farm credit board, or an officer or em-
3 ployee of the Farm Credit Administration, or an officer or
4 employee of any corporation operating under the supervision
5 of the Farm Credit Administration.

6 (c) The term of office of the appointed members of
7 said Board shall be six years, beginning with the first day
8 of the calendar month in which this Act takes effect, and
9 such members shall serve until their successors are duly ap-
10 pointed and qualified; however, of the first appointed mem-
11 bers appointed hereunder, two shall be appointed for a
12 term of one year from said date, two for a term of two years,
13 two for a term of three years, two for a term of four years,
14 two for a term of five years, and two for a term of six years.
15 All vacancies in the offices of appointed members on said
16 Board shall be filled for the unexpired portion of the term
17 upon like nominations and by like appointments as herein
18 provided for the appointment of the first such members of
19 said Board.

20 (d) The thirteenth member of the Board shall be desig-
21 nated by the Secretary of Agriculture, shall serve at the
22 pleasure of the Secretary, and shall be known as the Secre-
23 tary's Representative on said Board. He shall be a citizen
24 of the United States and shall have been a resident of the
25 United States for not less than ten years next preceding his

1 designation to membership on said Board. No person shall be
2 eligible to be designated by the Secretary or to serve as the
3 Secretary's Representative on said Board, if such person is
4 a member of a district farm credit board, an officer or em-
5 ployee of any corporation operating under the supervision
6 of the Farm Credit Administration. The Secretary's Repre-
7 sentative shall not be eligible to serve as Chairman, Vice
8 Chairman, or Secretary of the Board, but shall otherwise
9 possess all rights and privileges of membership on said
10 Board.

11 (e) As soon as practicable after the memberships on said
12 Board have been filled as in this Act provided, the members
13 of said Board shall meet, subscribe the oath of office, and
14 organize by electing from the appointed members a Chair-
15 man and a Vice Chairman; and said Board shall appoint a
16 Secretary from within or without its membership as it may
17 see fit. The Board shall elect annually for a term of one year
18 the Chairman, Vice Chairman, and Secretary, who shall
19 serve until their successors are elected and take office. The
20 Chairman shall preside at all meetings and the Vice Chairman
21 shall preside in the absence or disability of the Chairman.
22 The Board may, in the absence of both the Chairman and
23 Vice Chairman, elect any appointed member to act as Chair-
24 man pro tempore. Seven members shall constitute a quorum
25 of the Board for the transaction of business. The Board may

1 function notwithstanding vacancies provided a quorum as
2 herein established shall be present. The Board shall meet
3 at such times and places as it may fix and determine, but
4 shall hold at least four regularly scheduled meetings a year;
5 and special meetings may be held on call of the Chairman or
6 any three members of the Board.

7 (f) Each member of the Board shall receive the sum of
8 \$50 for each day or part thereof spent in the performance of
9 his official duties, which compensation, however, shall not be
10 paid for more than seventy-five days (or parts of days) in
11 any calendar year; and shall not be paid to the Secretary's
12 Representative if he is a full-time officer or employee of the
13 United States, or such payment is otherwise prohibited by
14 law; and in addition, shall be reimbursed for necessary travel,
15 subsistence, and other expenses incurred in the discharge of
16 his official duties, without regard to other laws with respect
17 to allowances which may be made on account of travel and
18 subsistence expenses of officers and employed personnel of
19 the United States.

20 (g) The Board shall adopt such rules as it may see fit
21 for the transaction of its business, and shall keep permanent
22 and complete records and minutes of its acts and proceedings.

23 GOVERNOR OF FARM CREDIT ADMINISTRATION

24 SEC. 5. (a) The Board shall appoint a Governor of the
25 Farm Credit Administration (hereinafter referred to as the

1 "Governor") who shall serve at the pleasure of the Board,
2 and who shall, subject to the general supervision and direc-
3 tion of the Board as to matters of a broad and general super-
4 visory, advisory, or policy nature, and except as otherwise
5 herein specifically provided, be responsible for the execution
6 of this Act, all Acts amendatory thereof and supplemental
7 thereto, and all Acts creating the powers, functions, and
8 duties of the Farm Credit Administration.

9 (b) The Board shall fix the compensation of the Gov-
10 ernor: *Provided*, That the salary of the Governor shall not
11 exceed \$20,000 a year, together with necessary traveling
12 and subsistence expenses, or per diem allowance in lieu
13 thereof within the limitations prescribed by law, while away
14 from his official station upon official business.

15 (c) It shall be the duty of the Governor to comply
16 with all orders and directions which he receives from the
17 Board; as to all third persons, all acts of the Governor shall
18 be conclusively presumed to be in compliance with the
19 orders and directions of the Board.

20 (d) The Governor shall appoint such other personnel
21 as may be necessary to carry out the functions, powers, and
22 duties vested in the Farm Credit Administration. The Farm
23 Credit Administration shall consist of the Board, the Gov-
24 ernor, and such other personnel as are employed in carrying
25 out the functions, powers, and duties vested in the Farm

1 Credit Administration. All functions, powers, and duties
2 of the Farm Credit Administration, except those herein
3 conferred upon the Board, shall be exercised and performed
4 by the Governor and may be exercised and performed by
5 him through such officers and employees of the Farm Credit
6 Administration as he shall designate.

7 (e) The term of office of the incumbent of the office of
8 Governor of the Farm Credit Administration appointed be-
9 fore the effective date of this Act and holding office on that
10 date shall terminate on that date and said office shall thereby
11 become vacant: *Provided*, That if as of that date the Board
12 for any reason has not entered upon the discharge of its
13 duties the Secretary of Agriculture shall designate an assist-
14 ant to the Secretary to serve as Acting Governor of the
15 Farm Credit Administration and such Acting Governor shall
16 exercise and perform all functions, powers, and duties vested
17 by this Act in the Farm Credit Administration until his
18 services are terminated by the Board.

19 RESPONSIBILITIES OF THE BOARD

20 SEC. 6. It shall be the function and duty of the Board
21 (1) to see that the policies fixed by the Board hereunder
22 are carried out; (2) to exercise adequate budgetary control
23 over the Farm Credit Administration; (3) to require such
24 reports as it deems necessary from the Governor and from

1 any of the officials or corporations under the control or
2 supervision of the Farm Credit Administration; (4) to
3 make an annual report to Congress, including therein any
4 recommendations of amendments to the laws relative to
5 Federal agricultural credit; and (5) to exercise general di-
6 rection and supervision over the performance of all functions,
7 powers, and duties vested in the Governor when relating
8 in the judgment of the Board to matters of a broad and
9 general supervisory, advisory, or policy nature. It shall
10 function as a unit without delegating authority to individual
11 members and shall not operate in an administrative capacity;
12 and all administrative powers, functions, and duties of the
13 Farm Credit Administration shall be exercised and performed
14 by the Governor.

15 OFFICES ABOLISHED AND FUNDS TRANSFERRED

16 SEC. 7. (a) The offices of the Land Bank Commis-
17 sioner, Production Credit Commissioner, Cooperative Bank
18 Commissioner, and Intermediate Credit Commissioner are
19 hereby abolished. The Governor shall designate an officer
20 or employee of the Farm Credit Administration to serve at
21 the pleasure of the Governor as a member of the board of
22 directors of the Central Bank for Cooperatives, as chairman
23 of said board of directors, and as executive officer of said
24 bank, in lieu of the Cooperative Bank Commissioner. The
25 Governor shall designate an officer or employee of the Farm

1 Credit Administration to serve at the pleasure of the Gov-
2 ernor as a member of the board of directors of the Federal
3 Farm Mortgage Corporation, in lieu of the Land Bank
4 Commissioner. The Federal Farm Mortgage Corporation
5 and its functions and activities are hereby transferred to the
6 Farm Credit Administration and shall be administered
7 therein under the general direction and supervision thereof.

8 (b) Employees in the Department of Agriculture, who
9 are being utilized on the effective date of this Act primarily
10 for the performance of functions, powers, and duties hereto-
11 fore or by this Act vested in the Farm Credit Administration,
12 shall be transferred to the jurisdiction and control of the Farm
13 Credit Administration in those instances in which the Gov-
14 ernor determines that they are qualified and necessary to
15 carry out the functions, powers, and duties of the Farm Credit
16 Administration.

17 (c) All assets, funds, contracts, property, and records
18 used and employed in the execution of the functions, powers,
19 and duties heretofore or by this Act vested in the Farm
20 Credit Administration are hereby transferred to the juris-
21 diction and control of the Farm Credit Administration.

22 (d) So much of the unexpended balances of appropria-
23 tions, allocations, and other funds available or to be made
24 available for salaries, expenses, and all other administrative
25 expenditures as the Director of the Bureau of the Budget

1 shall determine for use in the execution of the functions here-
2 tofore or by this Act vested in the Farm Credit Administra-
3 tion, shall be transferred to and vested in the Farm Credit
4 Administration.

5 (e) All unexpended balances of appropriations, alloca-
6 tions, or other funds, other than those mentioned in subsec-
7 tion (d) of this section, available (including those available
8 for the fiscal year ending June 30, 1953) for the Farm
9 Credit Administration and/or for the Secretary of Agri-
10 culture on account of the functions and activities of Farm
11 Credit Administration, shall be transferred to the Farm
12 Credit Administration and shall remain available for the
13 exercise of the functions and activities of the Farm Credit
14 Administration.

15 DELEGATIONS TO DISTRICT INSTITUTIONS

16 SEC. 8. The Farm Credit Administration is authorized
17 and directed by order or rules and regulations, to delegate
18 to a Federal land bank such of the duties, powers, and
19 authority of the Farm Credit Administration with respect
20 to and over National Farm Loan Associations, their offi-
21 cers and employees, in the farm credit district wherein such
22 Federal land bank is located, as may be determined to be
23 in the interest of effective administration; and, in like man-
24 ner, to delegate to a production credit corporation such of
25 the duties, powers, and authority of the Farm Credit Ad-

1 ministration with respect to and over production credit as-
2 sociations, their officers and employees, in the farm credit
3 district wherein such production credit corporation is located,
4 as may be determined to be in the interest of effective ad-
5 ministration; and, in either case the duties, powers, and au-
6 thority so delegated shall be performed and exercised under
7 such conditions and requirements and upon such terms as
8 the Farm Credit Administration may specify. Any Federal
9 land bank or production credit corporation to which any
10 such duties, powers, or authority may be delegated is hereby
11 authorized and empowered to accept, perform, and exercise
12 such duties, powers, and authority as may be so delegated
13 to it.

14 DIVISION OF COOPERATIVE MARKETING TRANSFERRED

15 SEC. 9. There is hereby transferred from the Farm
16 Credit Administration to the Agricultural Research Adminis-
17 tration in the Department of Agriculture, as a bureau of
18 such agency, the Division of Cooperative Marketing (by
19 whatever name now called), authorized and created under
20 and by virtue of an Act of Congress of July 2, 1926 (Public
21 450, Sixty-ninth Congress), entitled "An Act to create a
22 Division of Cooperative Marketing in the Department of
23 Agriculture; to provide for the acquisition and dissemination
24 of information pertaining to cooperation; to promote the

1 knowledge of cooperative principles and practices; to pro-
2 vide for calling advisers to counsel with the Secretary of
3 Agriculture on cooperative activities; to authorize coopera-
4 tive associations to acquire, interpret, and disseminate crop
5 and market information, and for other purposes", together
6 with all functions pertaining to the work and services of such
7 Division, its personnel, property (including office equip-
8 ment), assets, funds, contracts, and records used and em-
9 ployed in the execution of its functions, powers, and duties,
10 and so much of the unexpended balances of appropriations,
11 allocations, and other funds available or to be made available
12 for salaries, expenses, and all other administrative expendi-
13 tures as the Director of the Bureau of the Budget shall de-
14 termine, for use in the execution of the functions, powers,
15 and duties of said Division in said Department.

16 FRANCHISE TAX PROVISIONS

17 SEC. 10. Section 23 of the Federal Farm Loan Act, as
18 amended, is further amended by adding at the end thereof
19 a new paragraph as follows:

20 "Notwithstanding any other provision of this Act, in
21 the case of a Federal land bank having outstanding capital
22 stock held by the United States during the whole or any
23 part of a fiscal year, said bank shall, after complying with
24 the reserve requirements of the preceding paragraphs of
25 this section and before declaring any dividends to share-

1 holders, pay to the United States a franchise tax equal to
2 25 per centum of its net earnings then remaining, not to
3 exceed, however, a rate of return on such Government
4 capital equal to the average net interest cost of financing
5 direct obligations of the United States during the fiscal year
6 of the United States ending next before such tax is due
7 (such rate to be determined by the Farm Credit Administra-
8 tion upon the basis of data obtainable from the Secretary of
9 the Treasury).”

10 SEC. 11. Section 6 of the Farm Credit Act of 1933 is
11 amended by adding at the end thereof a new paragraph as
12 follows:

13 “(e) Each production credit corporation shall, at the
14 end of each fiscal year (1) apply its earnings described in
15 subsection (c) of this section in accordance with the pro-
16 visions of subsections (c) and (d) of this section; and (2)
17 apply its earnings from all other sources, first, to the pay-
18 ment of any operating expenses for the year remaining un-
19 paid; second, to restore losses and impairment of capital, if
20 any, of the corporation; third, to the creation and mainte-
21 nance of a surplus equal to 25 per centum of the paid-in
22 capital of the corporation; fourth, to the payment of 25 per
23 centum of its earnings from all sources then remaining to the
24 United States as a franchise tax, and fifth, to the payment of
25 the remaining earnings into its surplus account.”

1 SEC. 12. Section 36 of the Farm Credit Act of 1933 is
2 amended to read as follows:

3 “The Central Bank for Cooperatives shall, at the end
4 of its fiscal year, apply the amount of its earnings in excess
5 of operating expenses during such fiscal year: First, to mak-
6 ing up any losses incurred; second, to the restoration of the
7 amount of the impairment, if any, of capital and guaranty
8 fund as determined by the chairman of the board; third, 25
9 per centum of the remainder of such excess of earnings shall
10 be applied to the creation and maintenance of a surplus equal
11 to at least 25 per centum of the amount of the capital and
12 guaranty fund; fourth, if said bank shall have outstanding
13 capital stock held by the United States during the whole or
14 any part of the fiscal year, it shall next pay to the United
15 States as a franchise tax, a sum equal to 25 per centum of its
16 net earnings then remaining, not exceeding, however, a rate
17 of return on such Government capital equal to the average
18 net interest cost of financing direct obligations of the United
19 States during the fiscal year of the United States ending next
20 before such tax is due (such rate to be determined by the
21 Farm Credit Administration upon the basis of data obtainable
22 from the Secretary of the Treasury) ; and fifth, any sums
23 remaining shall be carried into its surplus account or devoted
24 to the payment of dividends, as may be determined by the
25 chairman of the board. Subscribers to the guaranty fund

1 shall be entitled to dividends in the same amounts as the
2 subscribers to the stock. No rate of dividend in excess of
3 7 per centum per annum shall be paid. Dividends on stock
4 held by the Farm Credit Administration or the Governor
5 thereof, when paid, shall be credited to the revolving fund
6 created under section 6 of the Agricultural Marketing Act,
7 as amended.”

8 SEC. 13. Section 42 of the Farm Credit Act of 1933 is
9 amended to read as follows:

10 “The provisions of section 35, as amended, and the
11 provisions of section 36, as amended, shall apply in the case
12 of Banks for Cooperatives in the same manner and to the
13 same extent as such provisions are applicable to the Central
14 Bank for Cooperatives, except that powers conferred on the
15 Chairman of the Board of the Central Bank for Cooperatives
16 shall be exercised by the Boards of Directors of the Banks
17 for Cooperatives, subject to the approval of the Farm Credit
18 Administration.”

19 MEMBERSHIP OF DISTRICT FARM CREDIT BOARDS

20 SEC. 14. Section 5 (b) of the Farm Credit Act of 1937
21 is amended to read as follows:

22 “(b) There shall be in each farm credit district a farm
23 credit board which shall be selected as hereinafter specified
24 and shall be composed of seven members. Each farm credit
25 board shall include in its title the name of the city in which

1 the Federal land bank, Federal intermediate credit bank,
2 production credit corporation, and regional bank for coopera-
3 tives of the district are located. Three of the seven mem-
4 bers of said board shall be known as elected directors, of
5 whom one shall be chosen by national farm loan associa-
6 tions, one shall be chosen by production credit associations
7 of the district, and one shall be chosen by cooperatives
8 which are stockholders or subscribers to the guaranty fund
9 of the regional bank for cooperatives in the district. Sub-
10 ject to the other provisions hereof, three of the seven mem-
11 bers shall be known as district directors and shall be ap-
12 pointed by the Governor of the Farm Credit Administra-
13 tion by and with the advice and consent of the Federal
14 Farm Credit Board. The seventh member of such board
15 shall be known as director-at-large and shall be appointed
16 by the Governor of the Farm Credit Administration by and
17 with the advice and consent of the Federal Farm Credit
18 Board. Each farm credit board shall elect from its members
19 a chairman and vice chairman, and shall appoint a secretary
20 from within or without its membership as it may see fit. The
21 chairman, vice chairman, and secretary shall each be elected
22 for a term of one year and until their successors are elected
23 and take office and the board shall elect such officers each
24 year. The chairman shall preside at all meetings and the
25 vice chairman shall preside in the absence or disability of the

1 chairman. The board may, in the absence of both the chair-
2 man and vice chairman, elect a member to act as chairman
3 pro tempore.”

4 SEC. 15. Section 5 of the Farm Credit Act of 1937 is
5 amended by striking out the entire text of subdivision (d)
6 thereof and inserting in lieu thereof the following:

7 “(d) (1) The member of the farm credit board of each
8 farm credit district known as the ‘third district director’,
9 who is in office on the effective date of this Act, shall serve as
10 such until his term of office expires. Thereafter, there shall
11 be no member of the district farm credit board to be known
12 as the ‘third district director’.

13 “(2) Notwithstanding the above provision with respect
14 to the appointment of district directors, one additional mem-
15 ber of said board shall be elected by each of the groups
16 aforesaid (national farm loan associations and borrowers
17 through agencies, production credit associations, and cooper-
18 atives which are stockholders or subscribers to the guaranty
19 fund of the regional bank for cooperatives of the district),
20 and serve in lieu of a district director, under the following
21 circumstances and conditions:

22 “(A) Whenever, as determined by the Farm Credit
23 Administration, the sum of the capital stock held by national
24 farm loan associations, surplus and reserves of a Federal land
25 bank shall equal or exceed $66\frac{2}{3}$ per centum of the total of

1 the capital stock, surplus, and reserves of such bank as of the
2 date three months before the expiration of the term of office
3 of the district director (or third district director) whose term
4 next expires, the successor to such director shall be elected
5 by the national farm loan associations of the district in the
6 manner herein provided, shall be known as an elected di-
7 rector, and successors to that office shall be so elected and
8 known from term to term while such conditions obtain:
9 *Provided*, That if and when, as determined by the Farm
10 Credit Administration, such conditions do not obtain as of
11 the date three months before the expiration of the term of
12 office of any director so elected under the provisions of this
13 subparagraph, the successor to such director shall be ap-
14 pointed by the Governor of the Farm Credit Administration
15 by and with the advice and consent of the Federal Farm
16 Credit Board, shall be known as a district director, and suc-
17 cessors to that office shall be so appointed and known from
18 term to term for such terms as appointment is not precluded
19 by the election of an additional director by one of the groups
20 aforesaid as herein provided: *And provided further*, That
21 such national farm loan associations shall again and from time
22 to time elect one additional director as aforesaid if and when
23 the required conditions named in this subparagraph shall be
24 determined to obtain as aforesaid.

1 “(B) Whenever, as determined by the Farm Credit
2 Administration, the sum of the capital stock held by persons
3 other than the production credit corporation of the district,
4 surplus and reserves of the production credit associations
5 (collectively) of a farm credit district shall equal or exceed
6 $66\frac{2}{3}$ per centum of the total of the capital stock, surplus,
7 and reserves of the production credit associations (collec-
8 tively) of said district as of the date three months before the
9 expiration of the term of office of the district director (or
10 third district director) whose term next expires, the suc-
11 cessor to such director shall be elected by the production
12 credit associations of the district in the manner herein pro-
13 vided, shall be known as an elected director, and successors
14 to that office shall be so elected and known from term to
15 term while such conditions obtain: *Provided*, That if and
16 when, as determined by the Farm Credit Administration,
17 such conditions do not obtain as of the date three months
18 before the expiration of the term of office of any director so
19 elected under the provisions of this subparagraph, the suc-
20 cessor to such director shall be appointed by the Governor
21 of the Farm Credit Administration by and with the advice
22 and consent of the Federal Farm Credit Board, shall be
23 known as a district director, and successors to that office
24 shall be so appointed and known from term to term for such

1 terms as appointment is not precluded by the election of
2 an additional director by one of the groups aforesaid as
3 herein provided: *And provided further*, That such produc-
4 tion credit associations shall again and from time to time
5 elect one additional director as aforesaid, if and when the
6 required conditions named in this subparagraph shall be
7 determined to obtain as aforesaid.

8 “(C) Whenever, as determined by the Farm Credit
9 Administration, the sum of the capital stock and subscrip-
10 tions to the guaranty fund held by cooperatives which are
11 stockholders or subscribers to the guaranty fund of a regional
12 bank for cooperatives, surplus and reserves of said bank shall
13 equal or exceed $66\frac{2}{3}$ per centum of the total capital stock,
14 subscriptions to the guaranty fund, surplus and reserves of
15 said bank as of the date three months before the expiration
16 of the term of office of the district director (or third district
17 director) whose term next expires, the successor to such
18 director shall be elected by the cooperatives which are stock-
19 holders or subscribers to the guaranty fund of said bank in
20 the manner herein provided, shall be known as an elected
21 director, and successors to that office shall be so elected and
22 known from term to term while such conditions obtain:
23 *Provided*, That if and when, as determined by the Farm
24 Credit Administration, such conditions do not obtain as of the
25 date three months before the expiration of the term of office

1 of any director so elected under the provisions of this sub-
2 paragraph, the successor to such director shall be appointed
3 by the Governor of the Farm Credit Administration by and
4 with the advice and consent of the Federal Farm Credit
5 Board, shall be known as a district director, and successors
6 to that office shall be so appointed and known from term to
7 term for such terms as appointment is not precluded by the
8 election of an additional director by one of the groups afore-
9 said as herein provided: *Provided further*, That such co-
10 operatives which are stockholders or subscribers to the
11 guaranty fund of said bank shall again and from time to
12 time elect one additional director as aforesaid if and when
13 the required conditions named in this subparagraph shall
14 be determined to obtain as aforesaid: *Provided further*, That
15 at no time and under no conditions shall there be in office
16 less than one or more than two members of said board who
17 are serving by election of any one of the groups aforesaid
18 (national farm loan associations and borrowers through
19 agencies, production credit associations, and cooperatives
20 which are stockholders or subscribers to the guaranty fund
21 of the regional bank for cooperatives of the district): *And*
22 *provided further*, That if two or more of said groups shall,
23 under the terms and provisions hereof, become qualified to
24 elect an additional director pending the expiration of the
25 term of office of the district director (or third district

1 director) whose term next expires, preference shall be given,
2 first to national farm loan associations and borrowers through
3 agencies, next to production credit associations, and next to
4 cooperatives which are stockholders or subscribers to the
5 guaranty fund of the regional bank for cooperatives, to elect
6 an additional director as herein provided as the terms of
7 office of district directors, including the third district director
8 if he be still in office, expire."

9 SEC. 16. (a) Any other provisions of law to the con-
10 trary notwithstanding after the effective date of this Act
11 any production credit association may, with the approval of
12 the President of the Production Credit Corporation and of
13 the Farm Credit Administration, issue nonvoting preferred
14 stock, to be known as class C stock, which may be pur-
15 chased and held by production credit corporations and by
16 investors: *Provided*, That the issuance of such stock shall be
17 authorized by vote of not less than two-thirds of the out-
18 standing shares of class A stock of the association (other than
19 shares held by the Production Credit Corporation) by the
20 holders thereof in person or by proxy and by vote of not
21 less than two-thirds of the outstanding shares of class B
22 stock of the association by the holders thereof in person or
23 by proxy; and for this purpose holders of class A stock
24 (other than the Production Credit Corporation) and holders

1 of class B stock shall be entitled to one vote for each share
2 of stock held by them.

3 (b) Such class C stock of such associations shall be
4 divided into shares of \$5 each. The resolution of the stock-
5 holders authorizing the issuance of class C stock and every
6 certificate of class C stock issued shall state and express the
7 privileges, restrictions, limitations, and qualifications affecting
8 said stock, and the total amount of the authorized issue to
9 which it belongs.

10 (c) Such class C stock may (1) be made subject to
11 redemption in such manner, at such time or times, and at
12 such price or prices; (2) be given such preferences as to
13 net assets upon dissolution of the corporation, whether volun-
14 tary or involuntary; (3) be given the right to receive such
15 cumulative or noncumulative dividends payable quarterly,
16 semiannually, or annually, and payable as a whole or in part
17 before any dividend shall be set apart for or paid on class
18 A and class B stock; and (4) be made subject to such other
19 restrictions, limitations, and qualifications; as shall be stated
20 and expressed in the resolution of the stockholders au-
21 thorizing the issuance thereof and in the face of the stock
22 certificates.

23 APPROPRIATIONS AND EXPENDITURES

24 SEC. 17. (a) There are authorized to be appropriated

1 such sums as may be necessary or appropriate for administer-
2 ing the provisions of this Act.

3 (b) Farm Credit Administration may, within the limits
4 of funds available therefor, make necessary expenditures
5 for personnel services and rent at the seat of government and
6 elsewhere; contract stenographic reporting services; pur-
7 chase and exchange of lawbooks, books of reference, periodi-
8 cals, newspapers, expenses of attendance at meetings and
9 conferences; purchase, operation, and maintenance, at the
10 seat of government and elsewhere, of motor-propelled pas-
11 senger-carrying vehicles and other vehicles; printing and
12 binding; and for such other facilities and services as it may
13 from time to time find necessary for the proper administra-
14 tion of this Act.

15 SEC. 18. This Act shall take effect ninety days after
16 the date of its enactment: *Provided, however,* That immedi-
17 ately following the enactment of this Act the Farm Credit
18 Administration shall proceed with the designation of nominees
19 as provided in section 4 (a) hereof and the members of the
20 Federal Farm Credit Board shall be appointed or desig-
21 nated sufficiently in advance of the effective date of this
22 Act to enable said Board to prepare to enter upon the
23 discharge of its duties upon the effective date of this Act;
24 and after the effective date of this Act, the compensation
25 and expenses of the Board members shall be paid, as pro-

1 vided herein, from the date on which their appointments
2 became effective, out of any funds available for the payment
3 of administrative expenses of the Farm Credit Adminis-
4 tration.

5 SEC. 19. All Acts or parts of Acts inconsistent with the
6 provisions of this Act are hereby repealed to the extent of
7 such inconsistency.

8 SEC. 20. (a) If any provision of this Act, or the ap-
9 plication thereof to any person or circumstances, is held
10 invalid, the remainder of the Act, and the application of
11 such provisions to other persons or circumstances, shall not
12 be affected thereby.

13 (b) The right to alter, amend, or repeal this Act is
14 hereby expressly reserved.

A BILL

To increase farmer participation in ownership and control of the Federal Farm Credit System; to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

By Mr. AIKEN and Mr. ELLENDER

MARCH 30, 1953

Read twice and referred to the Committee on
Agriculture and Forestry

Attorney General to suspend deportation in these cases. The entire section dealing with suspension of deportation needs to be drastically rewritten in order to be in accord with the traditions of the United States. Legislation is now being drafted which would accomplish this among many other sweeping changes in our present immigration law. However, pending the introduction of this bill and congressional consideration of this overall legislation, we feel that prompt relief should be provided in this restricted group of cases which, according to our information, does not include more than 100 individuals. Some of the cases that have come to us are truly appealing, including some veterans who have received high decorations for bravery and gallantry in Korea and elsewhere.

During their stay in the United States, they have abided by all our laws and have shown every indication of being good citizen material. If they have violated any law, suspension of deportation would not apply.

This legislation would only apply to the following classes of veterans:

(a) Those who have served in World War II.

(b) Those who have served in the combat Zone in Korea.

(c) Those who have served for periods aggregating 3 years or more in the armed services of the United States.

They must be certified to have served honorably and to have been honorably separated from the services. It then comes within the discretion of the Attorney General whether to suspend deportation. No such discretionary authority is now vested in him.

MATERNITY AND INFANT CARE FOR WIVES AND INFANTS OF ENLISTED MEMBERS OF ARMED FORCES

Mr. MURRAY. Mr. President, at the request of the American Legion, I introduce for appropriate reference a bill to establish a program of grants-in-aid to assist the States to provide maternity and infant care for the wives and infants of enlisted members of the Armed Forces during the present emergency. I think the bill is of major importance, and should receive prompt consideration by the Congress.

I take this opportunity to point out that it is but one more proof of the fact that the Legion concerns itself primarily not with the needs of veterans, although it does discharge that obligation too, but that first and foremost, it continues to think of and to suggest programs designed to meet the needs of the men and women still in uniform, still on the fighting front.

I have said I am introducing the bill by request, and I am. But let there be no misunderstanding. Upon occasion that phrase is taken to mean that the person introducing proposed legislation is not committing himself to its support. In this case, I want it clearly understood that I am glad to comply with the request of the Legion because this is a bill which I wholeheartedly support. In effect, it calls for the reenactment of a program which I helped sponsor during World War II, and which at that time, proved eminently worthwhile. The bill proposes a reenactment of that wartime program modified so as to fit today's circumstances and designed to assure our fighting men that the wives and children they have left at home will be given that necessary medical care which they

themselves would have striven to provide had they not been called to fight our battles. It is little enough for us to do for the members of our Armed Forces. It is an obligation we owe them. It is a program, the soundness of which we have already proved. It is a bill which should receive prompt and favorable consideration.

Mr. President, I send to the desk a copy of a letter addressed to me by the Legion requesting the introduction of this bill together with a resolution on the subject adopted at the last national convention of the Legion. I ask that both be set forth in the RECORD at the conclusion of these remarks.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the letter and resolution will be printed in the RECORD.

The bill (S. 1495) to establish a program of grants-in-aid to States to provide maternity and infant care for the wives and infants of enlisted members of the Armed Forces during the present emergency, introduced by Mr. MURRAY, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The letter and resolution presented by Mr. MURRAY are as follows:

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMISSION,
Washington, D. C., March 26, 1953.
Hon. JAMES E. MURRAY,
United States Senate, Senate Office
Building, Washington, D. C.

DEAR SENATOR MURRAY: Enclosed please find copy of Resolution No. 156, adopted at our national convention on the subject of emergency maternity and infant care for servicemen's dependents, etc.

I also enclose typewritten draft of a suggested form of bill which in our opinion, would carry out the purpose of resolution No. 156, and we would appreciate it if you could see your way clear to introduce a bill for us at your early convenience.

Thanking you for your consideration, and with kind personal regards, I am,

Sincerely yours,

MILES D. KENNEDY,
Director.

CHILD WELFARE—EMERGENCY MATERNITY AND INFANT CARE FOR SERVICEMEN'S DEPENDENTS

Whereas, during World War II a system of Emergency Maternity and Infant Care (known as EMIC) was established to provide needed service for the families of enlisted men; and

Whereas, reports from the departments show that there is again a need to provide such maternity and infant care service for the families of men now entering or re-entering military service; and

Whereas, the 33d national convention meeting in Miami, Fla., recommend the enactment of an EMIC program: Now, therefore, be it

Resolved, That we urge the establishment of an Emergency Maternity and Infant Care program similar to the program operated during World War II, with due consideration given to correcting any inequities which the experience developed during World War II may have revealed.

ANNUAL FEDERAL PAYMENT TO DISTRICT OF COLUMBIA

Mr. JOHNSTON of South Carolina. Mr. President, on behalf of myself, the Senator from West Virginia [Mr. NEELY],

and the Senator from Maryland [Mr. BEALL], and the Senator from Maine [Mr. PAYNE], I introduce for appropriate reference a bill to increase the authorized amount of the annual Federal payment to the District of Columbia to an amount equal to 25 percent of the expenses of the government of the District of Columbia.

On March 2, 1953, I addressed the Senate on this matter, and attempted to point out that such a proposal would be fair and equitable in meeting what I consider an obligation on the part of the United States to share to a greater extent in the expense of maintaining the Federal City.

I am hopeful that the proposed legislation will receive favorable consideration at an early date.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1496) to increase the authorized amount of the annual Federal payment to the District of Columbia to an amount equal to 25 percent of the expenses of the government of the District of Columbia, introduced by Mr. JOHNSTON of South Carolina (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the District of Columbia.

AMENDMENT OF INTERSTATE COMMERCE ACT RELATING TO REVOCATION OF AMENDMENT OF CERTIFICATES AND PERMITS OF WATER CARRIERS IN CERTAIN CASES

Mr. TOBEY. Mr. President, by request, I introduce for appropriate reference a bill to authorize the Interstate Commerce Commission under certain conditions to revoke or amend certificates and permits of water carriers. The bill is part of the legislative program of the Interstate Commerce Commission. I ask unanimous consent that a statement prepared by me explaining the bill be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 1501) to authorize the Interstate Commerce Commission to revoke, amend, or suspend, under certain conditions, water carrier certificates and permits, introduced by Mr. TOBEY (by request), was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

The statement by Mr. TOBEY is as follows:

STATEMENT BY SENATOR TOBEY

The bill was introduced by request in my capacity as chairman of the Interstate and Foreign Commerce Committee. It is part of the legislative program of the Interstate Commerce Commission, and is similar to the bill, S. 2364, which was reported favorably by this committee after extensive hearings last year.

The need for the bill, which would authorize the Interstate Commerce Commission under certain conditions to revoke or amend certificates and permits of water carriers, arises because part III of the Interstate Commerce Act does not now provide revocation authority and procedure such as are

found in part II and part IV with reference to motor carriers and freight forwarders, respectively. The United States Supreme Court, in *United States v. Seatrail Lines, Inc.* (329 U. S. 424), has indicated that the Commission is without authority to revoke water carrier certificates or permits in whole or in part, once they have become effective and the time fixed for requesting rehearing or reconsideration has passed.

The bill would place water carriers in a position similar to that of other carriers. It would provide the means for a more flexible and equitable control over the supply of domestic water transportation than is now possible.

The present lack of revocation authority as to water carriers has become important because a considerable number of the prewar operators have found it impracticable or inexpedient to resume operations since the close of World War II. Consequently, existing water-carrier service in some important areas is far below the prewar service. The Interstate Commerce Commission has reported that about one-fourth of the presently outstanding water-carrier operating authorities are not being used and that in some instances this condition has persisted for some time.

It has been further stated by the Commission that the traffic and revenues of carriers on the inland waterways have improved substantially; but that the coastwise and intercoastal carriers, hampered by constantly rising terminal handling costs, continue virtually as marginal operators. Package-freight service no longer exists on the Great Lakes and less-than-bargeload service has all but disappeared from the other inland waterways. A few carriers are said to be experimenting with various devices and projects for the improvement or resumption of these services, but little tangible progress has been made thus far.

Dormant or unused operating rights could be a major cause of this condition, because the existence of such outstanding certificates and permits may be revived at any time, causing an adverse effect upon old and new operators. The Commission points out that the existence of these dormant operating authorities also makes it difficult to determine to what extent duplicating new authorities should be granted considering the danger of an eventual surplus of competitive service which might be injurious to both the carriers and the general public.

For these reasons the Commission, beginning in 1947, and in its subsequent annual reports to the Congress, has recommended that "part III of the act be amended by adding after section 312 a new section (213a) containing provisions for revocations of water carrier certificates or permits." Accordingly, the Commission at the hearings before this committee generally supported the purpose of S. 2364, but suggested certain amendments for consideration. The Commission's general position on this matter was stated as follows:

"Although water carriers should have reasonable protection against loss of their operating rights where abnormal or special conditions have hindered resumption or continuance of operations, we do not believe it to be in the public interest that certificates and permits be held indefinitely regardless of the reasons for their nonuse. We believe that we should have authority to determine upon the facts of each case whether operating rights should be revoked for nonuse."

The principal changes suggested by the Commission were designed to make it clear that the revocation authority would be made contingent upon "willful" failure to engage in or continue service, since it is recognized that the nature of water carriage and the size of equipment used is such as to make it impracticable for some water carriers to

provide service at all times to all ports within the scope of their operation authorities. The other revisions proposed were to make the language and terms of the bill conform more closely with the comparable revocation provisions of part II and part IV of the act.

Other witnesses testifying in support of this bill emphasized the need of the Interstate Commerce Commission having discretionary authority which would enable it to take into account "extenuating circumstances" and to exercise such authority in the event of a "willful" failure to operate. The principal opponent of this bill argues against any revocation authority. He contended that nobody is being "hurt" by the existence of dormant water-carrier certificates and that, considering rapid changes in the water transportation industry and with increasing rail freight rates, "it could well be that an unprofitable water freight today will become profitable this year or next, with the result that adequate transportation services will be provided by present holders of certificates or permits."

As other witnesses have pointed out, it would appear that the bill should provide reasonable protection of the operating authorities of water carriers who may be compelled, by the force of economic circumstances, to curtail or cease their operations temporarily. The suggestions made in this regard have been taken into account in the bill.

EXTENSION OF RECORDS AND REPORTS PROVISION OF INTERSTATE COMMERCE ACT TO PERSONS FURNISHING LOCOMOTIVES

Mr. TOBEY. Mr. President, by request, I also introduce for appropriate reference a bill to extend the records and reports provision of the Interstate Commerce Act to persons furnishing locomotives. This bill is likewise a part of the legislative program of the Interstate Commerce Commission. I ask unanimous consent that a statement prepared by me explaining the bill be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 1502) to extend the records and reports provision of the Interstate Commerce Act to persons furnishing locomotives, introduced by Mr. TOBEY (by request), was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

The statement by Mr. TOBEY is as follows:

STATEMENT BY SENATOR TOBEY

The bill was introduced, by request, in my capacity as chairman of the Interstate and Foreign Commerce Committee. It is part of the legislative program of the Interstate Commerce Commission, and is similar to the bill, S. 2353, on which extensive hearings were held last year by the committee.

As the law now stands, persons furnishing cars of protective service must grant access by the Interstate Commerce Commission or its agents to the records, accounts, and other documents which pertain to the cars or protective service so furnished. The law also authorizes the Commission to prescribe the forms of all records, accounts, and memoranda which it is authorized to inspect and copy. Furthermore, the ICC is authorized to require such reports as it may deem necessary and may require persons furnishing such cars or protective service to submit their

records, accounts, and other documents for inspection or copying to any of its authorized agents upon demand.

No new regulatory problem nor any significant extension of regulatory authority is dealt with in this bill. It simply extends the ICC's authority to require information about relations between railroads and the suppliers of freight cars to the same relations with suppliers of locomotives. The legislation has become necessary now because railroads have in recent years been using the same kind of leasing arrangements for their locomotives that they previously used in supplying themselves with cars. If relative degrees of importance can be assigned, it would seem even more necessary to cover locomotive-leasing practices than such practices in regard to the furnishing of freight cars.

For some reason a misconception about this bill developed at last year's hearings. A couple of committee members assumed that the bill gave the Commission powers to control the arrangements between railroad and lessor, making it necessary to get ICC approval before entering into such equipment lease arrangements.

This is not the case. In fact, the carriers themselves would not be affected at all. It is simply a matter of informing the Commission of certain matters in connection with the leasing arrangements. The person supplying the locomotives would be the one required to make any reports, not the railroad. As Commissioner Mahaffie pointed out, there have been no objections at all about the way this requirement has worked out as it concerns the supplying of cars, and there is no reason that there should be any with regard to locomotives.

It simply boils down to the commonsense fact that the Commission should be appraised of details concerning any arrangement whereby the railroads do not own their own equipment.

It should be noted, by the way, that the railroads (the AAR) did not even bother to testify on this legislation last year.

FARM CREDIT ACT OF 1953

Mr. AIKEN. Mr. President, on behalf of myself, and the Senator from Louisiana [Mr. ELLENDER], I introduce for appropriate reference a bill to increase farmer participation in ownership and control of the Federal Farm Credit System; to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes. I ask unanimous consent that an analysis of the bill be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the analysis will be printed in the RECORD.

The bill (S. 1505) to increase farmer participation in ownership and control of the Federal Farm Credit System; to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes, introduced by Mr. AIKEN (for himself and Mr. ELLENDER), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

The analysis presented by Mr. AIKEN is as follows:

ANALYSIS OF THE PROPOSED FARM CREDIT ACT OF 1953

The principal purpose of the bill is to provide for increased borrower participation in management of the Farm Credit Administration. While the Administration would remain in the Department of Agriculture, it would be made subject to the supervision of a new Federal Farm Credit Board, rather than the Secretary as at present. The Board would consist of 13 members. One member would be appointed from each of the 12 farm credit districts by the President, with the advice and consent of the Senate, from among nominations submitted, respectively, by (1) the national farm loan associations, (2) the production credit associations, and (3) the cooperatives which are stockholders or subscribers to the guaranty fund of the bank for cooperatives, of the district. The thirteenth member would be designated by the Secretary. The functions of the Administration would be carried out by a Governor of the Farm Credit Administration appointed, and subject to general supervision, by the Board.

In each district 3 of the 4 district board directors now appointed by the Governor of the Administration would be elected as provided in section 15 by (1) the national farm loan associations, (2) the production credit associations, and (3) the cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives respectively, whenever the investment of the United States in the Land Bank, the production credit associations, and the bank for cooperatives, respectively, for the district, falls below a level of about one-third of their respective capital, surplus, reserves, and guaranty fund. Under present conditions the national farm loan associations and the production credit associations in all 12 districts would each be entitled to elect an additional director under this provision.

In addition, the bill would—

1. Abolish the offices of Land Bank Commissioner, Production Credit Commissioner, Cooperative Bank Commissioner, and Intermediate Credit Commissioner.

2. Transfer the Division of Cooperative Marketing to the Agricultural Research Administration.

3. Provide for payment to the United States of a return on its investment, if any, in the various land banks, production credit corporations, and banks for cooperatives as set out in sections 10, 11, 12, and 13. At present the United States owns no stock in any of the land banks. The production-credit corporations are wholly owned by the United States.

4. Permit production-credit associations under certain circumstances to raise additional capital by sale of a new class C stock to investors and production-credit corporations.

Within 1 year after its appointment the Federal Farm Credit Board would recommend such additional changes as might be necessary to carry out the purpose of the bill.

AMENDMENT OF SECURITIES ACT AND SECURITIES EXCHANGE ACT RELATING TO NATURAL MINERAL RESOURCES

Mr. MALONE. Mr. President, I introduce for appropriate reference a bill designed to release the stranglehold which the Securities Exchange Commission now has on the mining and other important industries.

The mining industry is a speculative business, and every mine is a financial risk until large bodies of ore have been blocked out. Discovering and blocking

out the valuable ore is a long, expensive, and financially hazardous process.

After the valuable ore has been blocked out, speculative funds are not needed, but until the mineral deposit has been developed, venture capital must be available. Unless securities can be sold to raise venture capital to finance the discovering and development of strategic and critical metals, our national-defense effort will be seriously jeopardized.

The Securities Exchange Commission was created by Congress to perform a useful function in preventing fraud and deliberate misrepresentation of facts to investors by requiring that the truth be told to the public before an offering of stock could be made.

But the Commission continually goes far beyond the functions Congress intended it to perform when, before allowing stock to be sold, it arbitrarily attempts to determine the ultimate feasibility of the enterprise. The success of a mine cannot be determined until the very work which is to be financed through the sale of securities has been completed.

Until expensive exploration has been done, there is no way to tell the depth or width of a vein, yet the Securities Exchange Commission often assumes the authority to arbitrarily rule on the feasibility of the mine and to prevent the sale of stock on the strength of their ruling. In this way, private venture capital is prevented from flowing into the mining industry, and without it undetermined amounts of mineral wealth lie undiscovered and undeveloped.

Furthermore, the mining industry suffers additional injuries when hearings are called, or official statements are made by the Commission, before a proper investigation has been made, indicating fraud or lack of feasibility. This procedure has the effect of scaring the potential investor, then even if the enterprise, seeking a permit to sell stock, is completely cleared, its reputation is besmirched and the only recourse is to give up the project, because, Mr. President, although new venture capital must be given every encouragement in order to finance development of the strategic and critical minerals of this Nation, the Securities and Exchange Commission has practically paralyzed the private capital market and this situation must be cured at once.

The Securities and Exchange Commission, legislating through the medium of its rule-making power, has seriously hurt the mining industry, and retarded many worthwhile developments in other fields. If this Nation is to keep up the production of strategic and critical minerals necessary for national security, private capital must be readily available and the regulation for sale of securities must be done in the manner authorized by the Congress and not by the tyrannical methods of the Commission. This abuse of the power granted by Congress must be stopped.

Mr. President, in order to promote the cause of national defense by helping the mining industry to get necessary working capital, I introduce the bill, to be referred to the proper committee, to amend cer-

tain provisions of the Securities Act of 1933 and section 3 of the Securities Exchange Act of 1934, and ask unanimous consent that it be printed at this point in the RECORD as a part of my remarks.

There being no objection, the bill (S. 1506) to amend certain provisions of the Securities Act of 1933, and section 3 of the Securities Exchange Act of 1934, was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That subsection (a) of section 3 of the Securities Act of 1933, as amended, is amended by adding thereto a new paragraph as follows:

"(12) Any security the issuer of which is engaged in the exploration and development of natural mineral resources: *Provided*, That the issuer shall file with the Securities and Exchange Commission, before a public offering is made, a written statement containing substantially the following information: The full name and complete mailing address of (a) the issuer, (b) the directors and officers of the issuer, (c) the person by or on behalf of whom the offering is to be made, and (d) the principal underwriter of the securities to be offered; the title and amount of the security to be offered; the amount of the offering and of the underwriting discounts and commission; the date of the proposed offering; the States in which it is proposed to sell the security; the purpose for which the net proceeds are to be used; and three copies of every written communication, advertisement, or radio broadcast to be delivered thereafter to investors by the issuer or the principal underwriter of any such security to more than twenty-five persons."

SEC. 2. Subsection (b) of section 19 of the Securities Act of 1933, as amended, is amended to read as follows:

"(b) When in possession of written evidence and facts which, in the opinion of the Commission clearly justify an investigation for the enforcement of this title, and upon its written order, any member of the Commission, or any officer or officers designated by it, is empowered to administer oaths and affirmations, subpoena witnesses, take evidence, and require the production of any books, papers, or other documents which the Commission deems relevant or material to the inquiry. Such hearings and investigations as may be required shall be held in such place or places as the Commission may designate, but no witness shall be required by subpoena to appear at a place outside the Federal judicial district in which he may reside without his consent."

SEC. 3. Subsection (a) of section 20 of the Securities Act of 1933, as amended, is amended to read as follows:

"(a) Except as otherwise provided in section 8 of this title, the Commission shall investigate only such violations of the provisions of this title or of any rule or regulation prescribed under authority thereof, as shall be based upon a written complaint of a person outside the staff of the Commission setting forth material facts and circumstances showing that a substantial violation has occurred or is about to occur, and the Commission may thereupon, if in its opinion the public interest will thereby be served, authorize an investigation by written order, and a copy of such order and written complaint shall be made available promptly to the person subject to the investigation."

SEC. 4. Section 21 of the Securities Act of 1933 is amended by adding thereto a new sentence to read as follows: "Any person who is under investigation and who shall testify in such hearings or in any preliminary investigation shall be permitted to obtain

at cost a copy of his testimony and to be represented by counsel."

Sec. 5. Section 3 of the Securities Exchange Act of 1934, as amended, is amended by adding thereto a new subsection as follows:

"(d) No provision of this title shall apply to, or be deemed to include, any market place or facilities for the purchase and sale of securities of an issuer engaged exclusively in the exploitation, development, or operation of mines, or in the exploitation, development, and production of oil, gas, or other natural mineral resources."

Mr. MALONE. Mr. President, the Location Act—the 1872 mining claim legislation—is the last resort of the prospector or small miner.

It is the only chance for the man who is willing to work, to take his grubstake into the mountains and deserts—and to locate his claim, filing only with the county clerk for a small fee—and then owning his ground as long as he does \$100's worth of work a year in the development of his property.

Let us remove the handicaps and barriers so that he may develop the mineral deposits of this Nation.

REVISION AND REPRINT OF PAMPHLET ENTITLED "OUR AMERICAN GOVERNMENT"

Mr. KNOWLAND submitted the following concurrent resolution (S. Con. Res. 24), which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring). That the Joint Committee on Printing is hereby authorized and directed to revise, by bringing up to date, the pamphlet entitled "Our American Government," as set out in House Document 465, 79th Congress.

SEC. 2. Such revised pamphlet shall be printed as a Senate document, and there be printed 100,000 additional copies of which 24,750 copies shall be for the use of the Senate; 66,150 copies for the use of the House of Representatives; 3,100 for the Senate Document Room and 6,000 for the House Document Room.

CHANGE IN NAME OF ROOSEVELT MEMORIAL ASSOCIATION TO THEODORE ROOSEVELT ASSOCIATION—CHANGE OF REFERENCE

Mr. CASE. Mr. President, I ask unanimous consent that the Committee on the District of Columbia be discharged from the further consideration of the bill (H. R. 2277) to amend the act entitled "An act to incorporate the Roosevelt Memorial Association," approved May 31, 1920, so as to change the name of such Association to "Theodore Roosevelt Association," and for other purposes, and that it be referred to the Committee on the Judiciary. I am advised by the Parliamentarian that it would be appropriate to have the bill considered by the Committee on the Judiciary.

The VICE PRESIDENT. Is there objection to the request of the Senator from South Dakota? The Chair hears none, and it is so ordered.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. MANSFIELD:

Letter regarding a military deficit, written by Senator Jackson to the President of the United States.

By Mr. SMITH of New Jersey:

Statement made by Hon. Henry Cabot Lodge, Jr., United States Representative to the United Nations, in plenary session of the General Assembly of the United Nations, on March 11, 1953.

Statement on political investigations of universities issued by the Princeton University Chapter, American Association of University Professors.

By Mr. HILL:

Article entitled "A Glorious Gamble," written by the Rev. Frederick Brown Harris, Chaplain of the Senate, and published in the Washington Sunday Star of March 29, 1953.

Statement issued by certain mayors of American cities dealing with offshore oil lands.

By Mr. BRICKER:

Editorial entitled "Bricker Presses Vital Safeguard," published in the Ashtabula (Ohio) Star-Beacon of March 23, 1953.

Editorial entitled "The Question of Treaties," published in the Wall Street Journal of March 26, 1953.

NEED FOR A NEW BRAND OF DIPLOMACY

Mr. McCARRAN. Mr. President, I am proud to count among my good friends Prof. Charles Roger Hicks, of the department of history and political science of the University of Nevada. Professor Hicks and I maintain a correspondence which is not, I am sorry to say, regular, but which is always, to me, enlightening.

Professor Hicks has written me a letter—he wrote it on St. Patrick's Day—which expresses so well and so forcefully feelings which I have myself held for a long time, that I want to take this opportunity to endorse and underline what he has written. The letter is short, all on one page, and I ask unanimous consent that it may be printed in full at this point in the RECORD as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNIVERSITY OF NEVADA,
Reno, Nev., March 17, 1953.

Senator PAT McCARRAN.

ESTEEMED FRIEND: Generally speaking, the following proposition holds true: At the time we, as a Nation, were physically weak, we were diplomatically strong; and since we have been physically strong, we have been diplomatically weak.

The period of our physical weakness and diplomatic strength ended with the administration of Theodore Roosevelt. Since then we have been appeased and pussyfooted into two great world wars and into the present Korean mess.

It is time to act our age. It is time to revert to shirt-sleeve and big-stick diplomacy. It is time to resume our old custom

of calling a spade a spade. It is time again to stand up for principles of right and decency in our relations with foreign powers. It is time to take the initiative away from the Russians. It is time to encourage President Eisenhower in the firm policy with which he started his regime and to take steps to prevent him from falling before the specious arguments of the Acheson crew. It is time to give full and complete support to Chiang Kai-shek, time to blockade the China coast and time to bomb across the Yalu.

Appeasement always leads to war. Positive action has, in times past, prevented wars; and may prevent another all-out and wide-spread conflict. Russia respects force alone. Russia will start a war, a war to the finish, when she thinks the omens to be favorable—and not before. If Russia is bluffing, let us call her bluff; if she is serious in her menacing actions then let us see to it that she throws down the gauntlet, and have an end to persiflage, insults, and to devious maneuvers. If there must be war let us have war and an eventual end to the drain on our resources and manpower. Be sure that the God of Hosts will be with us and against the malevolent gods of the Kremlin.

For God's sake, for our country's sake, and for the sake of our children let us act as if we had some guts.

Faithfully yours,

CHARLES ROGER HICKS.

Mr. MALONE subsequently said: Mr. President, I understand that earlier today my colleague [Mr. McCARRAN] had printed in the RECORD a letter regarding the necessity for a strong foreign policy, written by Mr. Charles Roger Hicks, professor of the department of history and political science of the University of Nevada. I received from Professor Hicks a similar letter in which he applies to the subject of foreign policy considerable common sense, which has been a rare commodity in the city of Washington for some time.

I had intended to present the letter from Professor Hicks to the Senate, but, inasmuch as my colleague has had printed the one received by him, I shall content myself with this brief statement.

COMPARISON OF COMPENSATION OF AMERICAN AND ALIEN SEAMEN

Mr. McCARRAN. Mr. President, I hold in my hand an unsolicited letter which I have received from a Marine chief engineer. The letter is extremely interesting, because the writer enclosed three hypothetical wage vouchers to illustrate how alien seamen fare better than American citizens, from the standpoint of take-home pay for a given amount of work.

These computations show that for an equal amount of work, an unmarried American citizen seaman would receive \$411 in take-home pay, an American citizen seaman, married, would receive \$433.50, and an alien seaman would receive \$495.87.

Perhaps these figures do not mean very much, and I do not offer them as proof of anything at all, but I think some of my colleagues may be very much interested in them. Therefore, Mr.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 1, 1953
For actions of March 31, 1953
83rd-1st, No. 55

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HIGHLIGHTS: House committee reported bill to continue Mexican farm labor program.
Rep. Hope introduced bill to reorganize FCA.

HOUSE

1. FARM LABOR. The Agriculture Committee reported without amendment H. R. 3480, to continue the Mexican farm labor program for three years (H. Rept. 229)(p. 2682).
2. SUBMERGED LANDS. Continued debate on H. R. 4198, to confirm and establish the titles of the States to lands beneath navigable waters within state boundaries, etc. (pp. 2639-79).

SENATE

3. DAYLIGHT SAVING TIME. The D. C. Committee voted to report (but did not actually report) S. 1419, to permit the D. C. Commissioners to establish daylight saving time in D. C. (p. D219).

BILLS INTRODUCED

4. FARM CREDIT; REORGANIZATION. H. R. 4353, by Rep. Hope, to increase farmer participation in ownership and control of the Federal farm credit system; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; to Agriculture Committee (p. 2682). The "Daily Digest" states: "Chairman Hope announced that he introduced a farm-sponsored bill today...to reorganize the Farm Credit Administration and place its control under a 13-member Board. He stated that the purpose of the bill is to set up an entirely new administrative structure for directing the activities of the Farm Credit Administration, and to increase farmer participation in the ownership and control of the farm credit system." (p. D221.)
5. RIVER DEVELOPMENT. H. R. 4351, to authorize works of improvement on the Niagara River; to Public Works Committee (p. 2682).
H. R. 4368, authorizing works at Bridge Canyon, Colorado River; to Interior and Insular Affairs Committee(p. 2683).
6. DAYLIGHT SAVING TIME. H. R. 4363, by Rep. Broyhill, to authorize the President

to establish daylight saving time each year in D. C.; to D. C. Committee (p. 2682).

ITEMS IN APPENDIX

7. PERSONNEL. Rep. Wilson, Calif., inserted a newspaper editorial praising the President's program to improve civil service and his appointment of Philip Young as Chairman of CSC (p. A1782).
8. FOREIGN TRADE. Rep. Neader inserted a newspaper editorial favoring his bill, H. R. 4199, establishing a Commission on Overseas Investment and Trade (pp. A1785-6).
9. FLOOD CONTROL. Rep. Miller, Kans., inserted a Kans. Legislature resolution opposing Tuttle Creek Dam (p. A1786).
10. RESEARCH. Rep. Elliott inserted Dr. Waterman's recent speech explaining the program and policies of the National Science Foundation (pp. A1790-2).
11. WATER RIGHTS. Rep. Yerty inserted a Los Angeles Times article quoting a Calif. legislative committee as denouncing "the attempt of the United States...to claim the water of private owners in the Fallbrook area" (pp. 1797-8).
12. COTTON. Extension of remarks of Rep. Hagen, Calif., criticizing several large corporations for their methods of financing and purchasing cotton in the San Joaquin Valley (pp. A1799-1800).
13. FARM POLICY. Rep. Hope inserted his speech before the Commodity Club of N. Y. on the importance of agricultural policy, discussing the changing nature of agriculture, and favoring continuation and improvement of price supports (pp. A1802-4).

COMMITTEE HEARING ANNOUNCEMENTS FOR APR. 1: Controls legislation, including dairy-products imports, S. Banking and Currency (USDA testimony). Mexican farm labor program, S. Agriculture (exec). Alaska possessory claims, H. Interior and Insular Affairs. Newsprint supply, H. Interstate and Foreign Commerce (Mason, FS, to testify). Dairy problems, H. Agriculture. Lump-sum leave payments to major officials, H. Post Office and Civil Service. Foreign economic policy, H. Foreign Affairs. Agricultural appropriations for 1954, H. Appropriations (exec).

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 105A.

-O-

H. R. 4353

MARCH 31, 1953

A BILL

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

4 SECTION 1. This Act may be cited as the “Farm Credit
5 Act of 1953”.

7 SEC. 2. It is declared to be the policy of the Congress
8 to encourage and facilitate increased borrower participation

1 in the management, control, and ultimate ownership of the
2 permanent system of agricultural credit made available
3 through institutions operating under the supervision of the
4 Farm Credit Administration, and the provisions of this Act
5 shall be construed in keeping with this policy. The Federal
6 Farm Credit Board hereinafter provided for shall within one
7 year after appointment make recommendations to the Con-
8 gress of means, supplemental to those provided by this Act,
9 of carrying into effect such declared policy.

10 FARM CREDIT ADMINISTRATION

11 SEC. 3. The Farm Credit Administration shall be in
12 the Department of Agriculture. The Secretary of Agriculture
13 shall report to the President with respect to the operations
14 and functions of the Farm Credit Administration. The Fed-
15 eral Farm Credit Board, hereinafter provided for, shall have
16 direction, supervision, and control of the Farm Credit Ad-
17 ministration and of its operations and functions, as in this
18 Act provided.

19 FEDERAL FARM CREDIT BOARD

20 SEC. 4. (a) There shall be established, in the Farm
21 Credit Administration, a Federal Farm Credit Board (here-
22 inafter referred to as the "Board"). Said Board shall con-
23 sist of thirteen members. Twelve of the members, one
24 from each of the farm credit districts of the United States,
25 shall be known as appointed members and shall be appointed

1 by the President with the advice and consent of the Senate,
2 upon nominations made as follows: The national farm loan
3 associations in the district shall designate one nominee, the
4 production credit associations in the district shall designate
5 one nominee, and the cooperatives which are stockholders or
6 subscribers to the guaranty fund of the bank for cooperatives
7 of the district shall designate one nominee, in accordance
8 with the procedure prescribed in sections 5 (e) and 5 (f)
9 of the Farm Credit Act of 1937 for the nomination and
10 election of members of a district farm credit board, except
11 that only two persons receiving the highest number of votes
12 shall be included in the list of nominees prepared as a re-
13 sult of the voting under the procedure prescribed in said
14 section 5 (e) : *Provided*, That the names of all those who
15 are tied for second place as of a result of said voting shall be
16 included in the list; and in case of a tie in the voting under
17 the procedure prescribed in said section 5 (f) the procedure
18 prescribed therein shall be followed again until the tie is
19 broken: *And provided further*, That if the same person
20 would otherwise be on the list of nominees of more than
21 one of said groups as a result of the voting under said sec-
22 tion 5 (e) he may choose the one list on which his name
23 shall appear, and otherwise his name shall appear only on
24 the list of the two highest nominees of the group which gave
25 him the highest percentage of its votes. Subsequent ap-

1 pointments shall be made upon like nominations and in like
2 manner.

3 (b) Each appointed member of said Board shall be a
4 citizen of the United States and shall have been a resident
5 of the farm credit district from which appointed for not less
6 than ten years next preceding his appointment, and the
7 removal of residence from the district during his tenure shall
8 operate as a termination of his membership on said Board.
9 No appointed member of said Board shall be eligible to serve
10 for more than one full term of six years, and, in addition, a
11 term of less than six years if he is one of the first members
12 to be appointed for the unexpired portion of one term expir-
13 ing before his appointment to a full term. No person shall
14 be eligible for nomination or appointment to membership as
15 an appointed member on said Board if such person has
16 within one year next preceding the commencement of the
17 term been a salaried officer or employee of the Farm Credit
18 Administration, or a salaried officer or employee of any
19 corporation operating under the supervision of the Farm
20 Credit Administration. Any person who is a member of the
21 district farm credit board when appointed as a member of the
22 Federal Farm Credit Board shall resign as a member of the
23 district board before assuming his duties as a member of the
24 Federal Farm Credit Board. No person who becomes an
25 appointed member of said Board shall be eligible to continue

1 to serve as a member thereof if such person becomes a mem-
2 ber of any district farm credit board, or an officer or employee
3 of the Farm Credit Administration, or an officer or employee
4 of any corporation operating under the supervision of the
5 Farm Credit Administration.

6 (c) The term of office of the appointed members of said
7 Board shall be six years, beginning with the first day of the
8 calendar month in which this Act takes effect, and such
9 members shall serve until their successors are duly appointed
10 and qualified; however, of the first appointed members ap-
11 pointed hereunder, two shall be appointed for a term of one
12 year from said date, two for a term of two years, two for a
13 term of three years, two for a term of four years, two for
14 a term of five years, and two for a term of six years. All
15 vacancies in the offices of appointed members on said Board
16 shall be filled for the unexpired portion of the term upon
17 like nominations and by like appointments as herein provided
18 for the appointment of the first such members of said Board.

19 (d) The thirteenth member of the Board shall be desig-
20 nated by the Secretary of Agriculture, shall serve at the
21 pleasure of the Secretary, and shall be known as the Secre-
22 tary's representative on said Board. He shall be a citizen
23 of the United States and shall have been a resident of the
24 United States for not less than ten years next preceding his
25 designation to membership on said Board. No person shall

1 be eligible to be designated by the Secretary or to serve as
2 the Secretary's representative on said Board, if such person
3 is a member of a district farm credit board, an officer or
4 employee of any corporation operating under the supervision
5 of the Farm Credit Administration. The Secretary's repre-
6 sentative shall not be eligible to serve as chairman, vice
7 chairman, or secretary of the Board, but shall otherwise
8 possess all rights and privileges of membership on said Board.

9 (e) As soon as practicable after the memberships on
10 said Board have been filled as in this Act provided, the
11 members of said Board shall meet, subscribe the oath of
12 office, and organize by electing from the appointed members
13 a chairman and a vice chairman; and said Board shall ap-
14 point a secretary from within or without its membership
15 as it may see fit. The Board shall elect annually for a
16 term of one year the chairman, vice chairman, and secre-
17 tary, who shall serve until their successors are elected and
18 take office. The chairman shall preside at all meetings and
19 the vice chairman shall preside in the absence or disabil-
20 ity of the chairman. The Board may, in the absence of
21 both the chairman and vice chairman, elect any appointed
22 member to act as chairman pro tempore. Seven members
23 shall constitute a quorum of the Board for the transac-
24 tion of business. The Board may function notwithstanding
25 vacancies provided a quorum as herein established shall be

1 present. The Board shall meet at such times and places
2 as it may fix and determine, but shall hold at least four
3 regularly scheduled meetings a year; and special meetings
4 may be held on call of the chairman or any three members
5 of the Board: *Provided*, That if as of that date the Board
6 for any reason has not entered upon the discharge of its
7 duties the Secretary of Agriculture shall designate an as-
8 sistant to the Secretary to serve as Acting Governor of
9 the Farm Credit Administration and such Acting Governor
10 shall exercise and perform all functions, powers, and duties
11 vested by this Act in the Farm Credit Administration until
12 his services are terminated by the Board.

13 (f) Each member of the Board shall receive the sum of
14 \$50 for each day or part thereof spent in the performance of
15 his official duties, which compensation, however, shall not
16 be paid for more than seventy-five days (or parts of days)
17 in any calendar year; and shall not be paid to the Secretary's
18 Representative if he is a full-time officer or employee of the
19 United States, or such payment is otherwise prohibited by
20 law; and in addition, shall be reimbursed for necessary travel,
21 subsistence, and other expenses incurred in the discharge of
22 his official duties, without regard to other laws with respect
23 to allowances which may be made on account of travel and
24 subsistence expenses of officers and employed personnel of
25 the United States.

1 (g) The Board shall adopt such rules as it may see fit
2 for the transaction of its business, and shall keep permanent
3 and complete records and minutes of its acts and proceedings.

4 GOVERNOR OF FARM CREDIT ADMINISTRATION

5 SEC. 5. (a) The Board shall appoint a Governor of the
6 Farm Credit Administration (hereinafter referred to as the
7 “Governor”) who shall serve at the pleasure of the Board,
8 and who shall, subject to the general supervision and direc-
9 tion of the Board as to matters of a broad and general super-
10 visory, advisory, or policy nature, and except as otherwise
11 herein specifically provided, be responsible for the execution
12 of this Act, all Acts amendatory thereof and supplemental
13 thereto, and all Acts creating the powers, functions, and
14 duties of the Farm Credit Administration.

15 (b) The Board shall fix the compensation of the Gov-
16 ernor: *Provided*, That the salary of the Governor shall not
17 exceed \$20,000 a year, together with necessary traveling and
18 subsistence expenses, or per diem allowance in lieu thereof
19 within the limitations prescribed by law, while away from
20 his official station upon official business.

21 (c) It shall be the duty of the Governor to comply
22 with all orders and directions which he receives from the
23 Board; as to all third persons, all acts of the Governor shall
24 be conclusively presumed to be in compliance with the or-
25 ders and directions of the Board.

1 (d) The Governor shall appoint such other personnel
2 as may be necessary to carry out the functions, powers, and
3 duties vested in the Farm Credit Administration. The Farm
4 Credit Administration shall consist of the Board, the Gover-
5 nor, and such other personnel as are employed in carrying
6 out the functions, powers, and duties vested in the Farm
7 Credit Administration. All functions, powers, and duties
8 of the Farm Credit Administration, except those herein con-
9 ferred upon the Board, shall be exercised and performed by
10 the Governor and may be exercised and performed by him
11 through such officers and employees of the Farm Credit Ad-
12 ministration as he shall designate.

13 (e) The term of office of the incumbent of the office of
14 Governor of the Farm Credit Administration appointed be-
15 fore the effective date of this Act and holding office on that
16 date shall terminate on that date and said office shall thereby
17 become vacant.

18 RESPONSIBILITIES OF THE BOARD

19 SEC. 6. It shall be the function and duty of the Board
20 (1) to see that the policies fixed by the Board hereunder
21 are carried out; (2) to exercise adequate budgetary control
22 over the Farm Credit Administration; (3) to require such
23 reports as it deems necessary from the Governor and from
24 any of the officials or corporations under the control or

1 supervision of the Farm Credit Administration; (4) to
2 make an annual report to Congress, including therein any
3 recommendations of amendments to the laws relative to
4 Federal agricultural credit; and (5) to exercise general
5 direction and supervision over the performance of all func-
6 tions, powers, and duties vested in the Governor when
7 relating in the judgment of the Board to matters of a
8 broad and general supervisory, advisory, or policy nature.
9 It shall function as a unit without delegating authority to
10 individual members and shall not operate in an adminis-
11 trative capacity; and all administrative powers, functions,
12 and duties of the Farm Credit Administration shall be
13 exercised and performed by the Governor.

14 OFFICES ABOLISHED AND FUNDS TRANSFERRED

15 SEC. 7. (a) The offices of the Land Bank Commissioner,
16 Production Credit Commissioner, Cooperative Bank Com-
17 missioner, and Intermediate Credit Commissioner are hereby
18 abolished. The Governor shall designate an officer or em-
19 ployee of the Farm Credit Administration to serve at the
20 pleasure of the Governor as a member of the Board of Direc-
21 tors of the Central Bank for Cooperatives, as chairman of said
22 board of directors, and as executive officer of said bank, in
23 lieu of the Cooperative Bank Commissioner. The Governor
24 shall designate an officer or employee of the Farm Credit
25 Administration to serve at the pleasure of the Governor as

1 a member of the board of directors of the Federal Farm
2 Mortgage Corporation, in lieu of the Land Bank Commis-
3 sioner. The Federal Farm Mortgage Corporation and its
4 functions and activities are hereby transferred to the Farm
5 Credit Administration and shall be administered therein under
6 the general direction and supervision thereof.

7 (b) Employees in the Department of Agriculture who
8 are being utilized on the effective date of this Act primarily
9 for the performance of functions, powers, and duties hereto-
10 fore or by this Act vested in the Farm Credit Administration,
11 shall be transferred to the jurisdiction and control of the
12 Farm Credit Administration in those instances in which the
13 Governor determines that they are qualified and necessary
14 to carry out the functions, powers, and duties of the Farm
15 Credit Administration.

16 (c) All assets, funds, contracts, property, and records
17 used and employed in the execution of the functions, powers,
18 and duties heretofore or by this Act vested in the Farm
19 Credit Administration are hereby transferred to the juris-
20 diction and control of the Farm Credit Administration.

21 (d) So much of the unexpended balances of appropria-
22 tions, allocations, and other funds available or to be made
23 available for salaries, expenses, and all other administrative
24 expenditures as the Director of the Bureau of the Budget
25 shall determine for use in the execution of the functions

1 heretofore or by this Act vested in the Farm Credit Admin-
2 istration, shall be transferred to and vested in the Farm
3 Credit Administration.

4 (e) All unexpended balances of appropriations, alloca-
5 tions, or other funds, other than those mentioned in sub-
6 section (d) of this section, available (including those avail-
7 able for the fiscal year ending June 30, 1953) for the Farm
8 Credit Administration and/or for the Secretary of Agricul-
9 ture on account of the functions and activities of Farm Credit
10 Administration, shall be transferred to the Farm Credit
11 Administration and shall remain available for the exercise of
12 the functions and activities of the Farm Credit Adminis-
13 tration.

14 DELEGATIONS TO DISTRICT INSTITUTIONS

15 SEC. 8. The Farm Credit Administration is authorized
16 and directed by order or rules and regulations, to delegate
17 to a Federal land bank such of the duties, powers, and
18 authority of the Farm Credit Administration with respect to
19 and over National Farm Loan Associations, their officers
20 and employees, in the farm credit district wherein such Fed-
21 eral land bank is located, as may be determined to be in
22 the interest of effective administration; and, in like manner,
23 to delegate to a production credit corporation such of the
24 duties, powers, and authority of the Farm Credit Adminis-
25 tration with respect to and over production credit associations,

1 their officers and employees, in the farm credit district
2 wherein such production credit corporation is located, as
3 may be determined to be in the interest of effective adminis-
4 tration; and, in either case the duties, powers, and authority
5 so delegated shall be performed and exercised under such
6 conditions and requirements and upon such terms as the
7 Farm Credit Administration may specify. Any Federal land
8 bank or production credit corporation to which any such
9 duties, powers, or authority may be delegated is hereby
10 authorized and empowered to accept, perform, and exercise
11 such duties, powers, and authority as may be so delegated
12 to it.

13 DIVISION OF COOPERATIVE MARKETING TRANSFERRED

14 SEC. 9. There is hereby transferred from the Farm
15 Credit Administration to the Agricultural Research Ad-
16 ministration in the Department of Agriculture, as a bureau
17 of such agency, the Division of Cooperative Marketing (by
18 whatever name now called) authorized and created under
19 and by virtue of an Act of Congress of July 2, 1926 (Pub-
20 lic, Numbered 450, Sixty-ninth Congress), entitled "An
21 Act to create a Division of Cooperative Marketing in the
22 Department of Agriculture; to provide for the acquisition
23 and dissemination of information pertaining to cooperation;
24 to promote the knowledge of cooperative principles and

1 practices; to provide for calling advisers to counsel with
2 the Secretary of Agriculture on cooperative activities; to
3 authorize cooperative associations to acquire, interpret, and
4 disseminate crop and market information, and for other
5 purposes", together with all functions pertaining to the
6 work and services of such Division, its personnel, property
7 (including office equipment), assets, funds, contracts, and
8 records used and employed in the execution of its functions,
9 powers, and duties, and so much of the unexpended balances
10 of appropriations, allocations, and other funds available or
11 to be made available for salaries, expenses, and all other
12 administrative expenditures as the Director of the Bureau of
13 the Budget shall determine, for use in the execution of the
14 functions, powers, and duties of said Division in said
15 Department.

16 FRANCHISE TAX PROVISIONS

17 SEC. 10. Section 23 of the Federal Farm Loan Act, as
18 amended, is further amended by adding at the end thereof a
19 new paragraph as follows:

20 "Notwithstanding any other provision of this Act, in the
21 case of a Federal land bank having outstanding capital stock
22 held by the United States during the whole or any part of a
23 fiscal year, said bank shall, after complying with the reserve
24 requirements of the preceding paragraphs of this section and
25 before declaring any dividends to shareholders, pay to the

1 United States a franchise tax equal to 25 per centum of its
2 net earnings then remaining, not to exceed, however, a rate
3 of return of such Government capital equal to the average
4 net interest cost of financing direct obligations of the United
5 States during the fiscal year of the United States ending next
6 before such tax is due (such rate to be determined by the
7 Farm Credit Administration upon the basis of data obtain-
8 able from the Secretary of the Treasury).”

9 SEC. 11. Section 6 of the Farm Credit Act of 1933 is
10 amended by adding at the end thereof a new paragraph as
11 follows:

12 “(e) Each production credit corporation shall, at the
13 end of each fiscal year (1) apply its earnings described in
14 subsection (c) of this section in accordance with the pro-
15 visions of subsections (c) and (d) of this section; and (2)
16 apply its earnings from all other sources, first, to the pay-
17 ment of any operating expenses for the year remaining
18 unpaid; second, to restore losses and impairment of capital,
19 if any, of the corporation; third, to the creation and mainte-
20 nance of a surplus equal to 25 per centum of the paid-in
21 capital of the corporation; fourth, to the payment of 25 per
22 centum of its earnings from all sources then remaining to the
23 United States as a franchise tax, and fifth, to the payment
24 of the remaining earnings into its surplus account.”

1 SEC. 12. Section 36 of the Farm Credit Act of 1933 is
2 amended to read as follows:

3 “The Central Bank for Cooperatives shall, at the end of
4 its fiscal year, apply the amount of its earnings in excess of
5 operating expenses during such fiscal year: First, to making
6 up any losses incurred; second, to the restoration of the
7 amount of the impairment, if any, of capital and guaranty
8 fund as determined by the chairman of the board; third,
9 25 per centum of the remainder of such excess of earnings
10 shall be applied to the creation and maintenance of a surplus
11 equal to at least 25 per centum of the amount of the capital
12 and guaranty fund; fourth, if said bank shall have outstanding
13 capital stock held by the United States during the whole or
14 any part of the fiscal year, it shall next pay to the United
15 States as a franchise tax, a sum equal to 25 per centum of
16 its net earnings then remaining, not exceeding, however, a
17 rate of return on such Government capital equal to the aver-
18 age net interest cost of financing direct obligations of the
19 United States during the fiscal year of the United States
20 ending next before such tax is due (such rate to be deter-
21 mined by the Farm Credit Administration upon the basis
22 of data obtainable from the Secretary of the Treasury) ; and
23 fifth, any sums remaining shall be carried into its surplus
24 account or devoted to the payment of dividends, as may be
25 determined by the chairman of the board. Subscribers to the

1 guaranty fund shall be entitled to dividends in the same
2 amounts as the subscribers to the stock. No rate of dividend
3 in excess of 7 per centum per annum shall be paid. Dividends
4 on stock held by the Farm Credit Administration or the
5 Governor thereof, when paid, shall be credited to the revolving
6 fund created under section 6 of the Agricultural Marketing
7 Act, as amended.”

8 SEC. 13. Section 42 of the Farm Credit Act of 1933 is
9 amended to read as follows:

10 “The provisions of section 35, as amended, and the provisions
11 of section 36, as amended, shall apply in the case of
12 Banks for Cooperatives in the same manner and to the same
13 extent as such provisions are applicable to the Central Bank
14 for Cooperatives, except that powers conferred on the chairman
15 of the Board of the Central Bank for Cooperatives shall
16 be exercised by the Boards of Directors of the Banks for
17 Cooperatives, subject to the approval of the Farm Credit
18 Administration.”

19 MEMBERSHIP OF DISTRICT FARM CREDIT BOARDS

20 SEC. 14. Section 5 (b) of the Farm Credit Act of
21 1937 is amended to read as follows:

22 “(b) There shall be in each farm credit district a
23 farm credit board which shall be selected as hereinafter
24 specified and shall be composed of seven members. Each
25 farm credit board shall include in its title the name of the

1 city in which the Federal land bank, Federal intermediate
2 credit bank, production credit corporation, and regional
3 bank for cooperatives of the district are located. Three of
4 the seven members of said board shall be known as elected
5 directors, of whom one shall be chosen by national farm
6 loan associations, one shall be chosen by production credit
7 associations of the district, and one shall be chosen by co-
8 operatives which are stockholders or subscribers to the
9 guaranty fund of the regional bank for cooperatives in the
10 district. Subject to the other provisions hereof, three of
11 the seven members shall be known as district directors and
12 shall be appointed by the Governor of the Farm Credit
13 Administration by and with the advice and consent of the
14 Federal Farm Credit Board. The seventh member of such
15 board shall be known as director-at-large and shall be ap-
16 pointed by the Governor of the Farm Credit Administra-
17 tion by and with the advice and consent of the Federal
18 Farm Credit Board. Each farm credit board shall elect
19 from its members a chairman and vice chairman, and shall
20 appoint a secretary from within or without its member-
21 ship as it may see fit. The chairman, vice chairman, and
22 secretary shall each be elected for a term of one year and until
23 their successors are elected and take office and the board
24 shall elect such officers each year. The chairman shall
25 preside at all meetings and the vice chairman shall preside

1 in the absence or disability of the chairman. The board
2 may, in the absence of both the chairman and vice chair-
3 man, elect a member to act as chairman pro tempore.”

4 SEC. 15. Section 5 of the Farm Credit Act of 1937 is
5 amended by striking out the entire text of subdivision (d)
6 thereof and inserting in lieu thereof the following:

7 “(d) (1) The member of the farm credit board of each
8 farm credit district known as the ‘third district director,’ who
9 is in office on the effective date of this Act, shall serve as
10 such until his term of office expires. Thereafter, there shall
11 be no member of the district farm credit board to be known
12 as the ‘third district director’.

13 “(2) Notwithstanding the above provision with respect
14 to the appointment of district directors, one additional mem-
15 ber of said board shall be elected by each of the groups
16 aforesaid (national farm loan associations and borrowers
17 through agencies, production credit associations, and coopera-
18 tives which are stockholders or subscribers to the guaranty
19 fund of the regional bank for cooperatives of the district),
20 and serve in lieu of a district director, under the following
21 circumstances and conditions:

22 “(A) Whenever, as determined by the Farm Credit
23 Administration, the sum of the capital stock held by national
24 farm loan associations, surplus, and reserves of a Federal
25 land bank shall equal or exceed $66\frac{2}{3}$ per centum of the total

1 of the capital stock, surplus, and reserves of such bank as of
2 the date three months before the expiration of the term of
3 office of the district director (or third district director)
4 whose term next expires, the successor to such director shall
5 be elected by the national farm loan associations of the
6 district in the manner herein provided, shall be known as an
7 elected director, and successors to that office shall be so
8 elected and known from term to term while such conditions
9 obtain: *Provided*, That if and when, as determined by the
10 Farm Credit Administration, such conditions do not obtain
11 as of the date three months before the expiration of the term
12 of office of any director so elected under the provisions of
13 this subparagraph, the successor to such director shall be
14 appointed by the Governor of the Farm Credit Administra-
15 tion by and with the advice and consent of the Federal Farm
16 Credit Board, shall be known as a district director, and suc-
17 cessors to that office shall be so appointed and known from
18 term to term for such terms as appointment is not precluded
19 by the election of an additional director by one of the groups
20 aforesaid as herein provided: *And provided further*, That
21 such national farm loan associations shall again and from
22 time to time elect one additional director as aforesaid if and
23 when the required conditions named in this subparagraph
24 shall be determined to obtain as aforesaid.

25 “(B) Whenever, as determined by the Farm Credit

1 Administration, the sum of the capital stock held by persons
2 other than the production credit corporation of the district,
3 surplus, and reserves of the production credit associations
4 (collectively) of a farm credit district shall equal or exceed
5 66 2/3 per centum of the total of the capital stock, surplus,
6 and reserves of the production credit associations (collec-
7 tively) of said district as of the date three months before the
8 expiration of the term of office of the district director (or
9 third district director) whose term next expires, the successor
10 to such director shall be elected by the production credit
11 associations of the district in the manner herein provided,
12 shall be known as an elected director, and successors to that
13 office shall be so elected and known from term to term while
14 such conditions obtain: *Provided*, That, if and when, as
15 determined by the Farm Credit Administration, such con-
16 ditions do not obtain as of the date three months before the
17 expiration of the term of office of any director so elected
18 under the provisions of this subparagraph, the successor to
19 such director shall be appointed by the Governor of the
20 Farm Credit Administration by and with the advice and
21 consent of the Federal Farm Credit Board, shall be known
22 as a district director, and successors to that office shall be so
23 appointed and known from term to term for such terms as
24 appointment is not precluded by the election of an addi-
25 tional director by one of the groups aforesaid as herein pro-

1 vided: *And provided further*, That such production credit
2 associations shall again and from time to time elect one ad-
3 ditional director as aforesaid, if and when the required con-
4 ditions named in this subparagraph shall be determined to
5 obtain as aforesaid.

6 “(C) Whenever, as determined by the Farm Credit
7 Administration, the sum of the capital stock and subscriptions
8 to the guaranty fund held by cooperatives which are stock-
9 holders or subscribers to the guaranty fund of a regional bank
10 for cooperatives, surplus and reserves of said bank shall equal
11 or exceed $66\frac{2}{3}$ per centum of the total capital stock, sub-
12 scriptions to the guaranty fund, surplus and reserves of said
13 bank as of the date three months before the expiration of
14 the term of office of the district director (or third district
15 director) whose term next expires, the successor to such
16 director shall be elected by the cooperatives which are stock-
17 holders or subscribers to the guaranty fund of said bank in the
18 manner herein provided, shall be known as an elected
19 director, and successors to that office shall be so elected and
20 known from term to term while such conditions obtain:
21 *Provided*, That if and when, as determined by the Farm
22 Credit Administration, such conditions do not obtain as of
23 the date three months before the expiration of the term of
24 office of any director so elected under the provisions of this
25 subparagraph, the successor to such director shall be ap-

1 pointed by the Governor of the Farm Credit Administration
2 by and with the advice and consent of the Federal Farm
3 Credit Board, shall be known as a district director, and
4 successors to that office shall be so appointed and known from
5 term to term for such terms as appointment is not precluded
6 by the election of an additional director by one of the groups
7 aforesaid as herein provided: *And provided further*, That
8 such cooperatives which are stockholders or subscribers to
9 the guaranty fund of said bank shall again and from time to
10 time elect one additional director as aforesaid if and when
11 the required conditions named in this subparagraph shall be
12 determined to obtain as aforesaid: *Provided*, That at no time
13 and under no conditions shall there be in office less than one
14 or more than two members of said board who are serving
15 by election of any one of the groups aforesaid (national farm
16 loan associations and borrowers through agencies, production
17 credit associations, and cooperatives which are stockholders
18 or subscribers to the guaranty fund of the regional bank for
19 cooperatives of the district): *And provided further*, That if
20 two or more of said groups shall, under the terms and pro-
21 visions hereof, become qualified to elect an additional director
22 pending the expiration of the term of office of the district
23 director (or third district director) whose term next expires,
24 preference shall be given, first to national farm loan associa-
25 tions and borrowers through agencies, next to production

1 credit associations, and next to cooperatives which are stock-
2 holders or subscribers to the guaranty fund of the regional
3 bank for cooperatives, to elect an additional director as herein
4 provided as the terms of office of district directors, including
5 the third district director if he be still in office, expire.”

6 SEC. 16. (a) Any other provisions of law to the con-
7 trary notwithstanding after the effective date of this Act
8 any production credit association may, with the approval of
9 the President of the Production Credit Corporation and of
10 the Farm Credit Administration, issue nonvoting preferred
11 stock, to be known as class C stock, which may be purchased
12 and held by production credit corporations and by investors:
13 *Provided*, That the issuance of such stock shall be authorized
14 by vote of not less than two-thirds of the outstanding shares
15 of class A stock of the association (other than shares held
16 by the Production Credit Corporation) by the holders thereof
17 in person or by proxy and by vote of not less than two-
18 thirds of the outstanding shares of class B stock of the asso-
19 ciation by the holders thereof in person or by proxy; and
20 for this purpose holders of class A stock (other than the
21 Production Credit Corporation) and holders of class B stock
22 shall be entitled to one vote for each share of stock held
23 by them.

24 (b) Such class C stock of such associations shall be
25 divided into shares of \$5 each. The resolution of the stock-

1 holders authorizing the issuance of class C stock and every
2 certificate of class C stock issued shall state and express the
3 privileges, restrictions, limitations, and qualifications affecting
4 said stock, and the total amount of the authorized issue to
5 which it belongs.

6 (c) Such class C stock may (1) be made subject to
7 redemption in such manner, at such time or times, and at
8 such price or prices; (2) be given such preferences as to
9 net assets upon dissolution of the corporation, whether volun-
10 tary or involuntary; (3) be given the right to receive such
11 cumulative or noncumulative dividends payable quarterly,
12 semiannually, or annually, and payable as a whole or in
13 part before any dividend shall be set apart for or paid on
14 class A and class B stock; and (4) be made subject to such
15 other restrictions, limitations, and qualifications; as shall be
16 stated and expressed in the resolution of the stockholders
17 authorizing the issuance thereof and in the face of the stock
18 certificates.

19 APPROPRIATIONS AND EXPENDITURES

20 SEC. 17. (a) There are authorized to be appropriated
21 such sums as may be necessary or appropriate for ad-
22 ministering the provisions of this Act.

23 (b) Farm Credit Administration may, within the limits
24 of funds available therefor, make necessary expenditures
25 for personnel services and rent at the seat of government

1 and elsewhere; contract stenographic reporting services;
2 purchase and exchange of lawbooks, books of reference,
3 periodicals, newspapers, expenses of attendance at meet-
4 ings and conferences; purchase, operation, and maintenance,
5 at the seat of government and elsewhere, of motor-propelled
6 passenger-carrying vehicles and other vehicles; printing and
7 binding; and for such other facilities and services as it may
8 from time to time find necessary for the proper adminis-
9 tration of this Act.

10 SEC. 18. This Act shall take effect ninety days after
11 the date of its enactment: *Provided, however,* That im-
12 mediately following the enactment of this Act the Farm
13 Credit Administration shall proceed with the designation
14 of nominees as provided in section 4 (a) hereof and the
15 members of the Federal Farm Credit Board shall be ap-
16 pointed or designated sufficiently in advance of the effective
17 date of this Act to enable said Board to prepare to enter
18 upon the discharge of its duties upon the effective date of
19 this Act; and after the effective date of this Act, the com-
20 pensation and expenses of the Board members shall be paid,
21 as provided herein, from the date on which their appoint-
22 ments became effective, out of any funds available for the
23 payment of administrative expenses of the Farm Credit
24 Administration.

25 SEC. 19. All Acts or parts of Acts inconsistent with the

1 provisions of this Act are hereby repealed to the extent of
2 such inconsistency.

3 SEC. 20. (a) If any provision of this Act, or the ap-
4 plication thereof to any person or circumstances, is held
5 invalid, the remainder of the Act, and the application of
6 such provisions to other persons or circumstances, shall not
7 be affected thereby.

8 (b) The right to alter, amend, or repeal this Act is
9 hereby expressly reserved.

83d CONGRESS
1ST SESSION

H. R. 4353

A BILL

To increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

By Mr. HOPE

MARCH 31, 1953

Referred to the Committee on Agriculture

One amendment was adopted which was offered by Mr. Keating; it eliminates the taxing power of States in connection with resources in the outer Continental Shelf.

During the consideration of the bill today, while in the Committee of the Whole, the House rejected amendments designed to—

Supply new texts that would authorize the use of royalties paid on the resources from submerged lands for educational grants-in-aid to States and for national defense.

Limit the provisions of the bill to States admitted to the Union prior to the effective date of this act.

Restate the law relative to disparity of treatment between States and citizens of States in the taking of resources, fish, shrimp, and migratory marine life.

Allow the Federal Government to keep impounded payments from lessees of submerged lands or resources.

To delete from the bill language relative to certain coastal States' seaward boundaries beyond 3 geographical miles.

To reserve a one-tenth interest in mineral rights for educational purposes of certain Indians.

To delete title III from the bill. Title III does not provide for sharing any of the income from the areas outside of State boundaries and it does not impound any such funds pending future disposition by the Congress.

Pages 2639-2679

Calendar Wednesday: Calendar Wednesday business, in order on April 1, was dispensed with pursuant to a unanimous-consent request.

Page 2679

Bills Referred: 25 Senate-passed measures were today referred to appropriate committees.

Page 2691

Program for Wednesday: Adjourned at 4:58 p. m. until Wednesday, April 1, at 11 a. m., when the House will vote on final disposition of H. R. 4198, the submerged lands bill; also will consider S. 1110, to authorize the appointment of a Deputy Director of Central Intelligence, and H. R. 1432, to provide price support for the 1952 crop of Maryland tobacco.

Committee Meetings

MEXICAN FARM LABOR—FARM CREDIT

Committee on Agriculture: Ordered reported to the House H. R. 3480, extending to December 31, 1956 (now 1953), the time during which the Secretary of Labor is authorized to supply Mexican agricultural workers to assist in agricultural commodity production.

Committee Chairman Hope announced that he introduced a farm-sponsored bill today (H. R. 4353) to reorganize the Farm Credit Administration and place its control under a 13-member Board. He stated that the purpose of the bill is to set up an entirely new administrative structure for directing the activities of the Farm Credit Administration, and to increase farmer participa-

tion in the ownership and control of the farm credit system.

MILITARY PURCHASING

Committee on Armed Services: The Hess Special Investigating Subcommittee held another open hearing in connection with its study of the proposed single cataloging system and the promotion of standardizations in all the armed services. Further testimony was presented at the meeting by Edward J. Sheridan, Acting Director of Defense Management Staff, Office of Secretary of Defense; and retired Rear Adm. Joseph W. Fowler, Director of the Defense Supply Management Agency. An executive meeting followed and will be resumed tomorrow morning.

OFFICER PERSONNEL

Committee on Armed Services: The Arends Personnel Subcommittee continued its executive study and review of the promotion program of officer personnel in the armed services, receiving further testimony from Maj. Gen. E. S. Wetzell, Assistant Deputy Chief of Staff for Personnel (Air Force), and Maj. Gen. Morris J. Lee, Director of Personnel Planning (USAF). Adjourned until tomorrow morning.

NAVY PLANE CONSTRUCTION

Committee on Armed Services: The Cunningham Subcommittee on Acquisitions and Disposals continued hearings to consider the contemplated construction of a naval plane plant in San Diego County. The subcommittee is presently studying the advisability of taking the location. Witnesses testifying today were Hardy W. Jacobs, Chief Appraiser for the Corps of Engineers; C. W. Carlstrom, owner of property under discussion; and Robert Barkey and John W. Cragun, attorneys for Mr. Carlstrom. Adjourned subject to call of the Chair.

TAFT-HARTLEY LAW

Committee on Education and Labor: At today's hearing to consider proposed revisions and changes to the Labor-Management Relations Act, the committee heard Clarence Mitchell, director of the Washington bureau, National Association for the Advancement of Colored People, who endorsed favorable committee action on amendments to the act which would outlaw racial segregation and discrimination in labor unions. Another witness, Hawley S. Simpson, a transportation engineer in Philadelphia, spoke on behalf of the American transit industry. He recommended that the NLRB and its staff be reconstituted and reorganized, and that its administrative and judicial functions be separated; with the Board being enlarged from 5 to 7 or 9 members. He also urged retention of the Federal Mediation and Conciliation Service as an independent agency; and requested modification of the term "supervisor" in the act so that transit inspectors may be brought within the term "responsibly direct"—stating that the NLRB

asserts that their direction is not direction of employees but of the transit vehicles which the employees operate. Hearings will be continued tomorrow.

SHOSHONE-ARAPAHOE INDIANS

Committee on Interior and Insular Affairs: The Subcommittee on Indian Affairs approved for reporting to the full committee H. R. 3476, amended, providing compensation to the Shoshone and Arapahoe Tribes of Indians for certain lands of the Riverton reclamation project within the ceded portion of the Wind River Indian Reservation. Testifying on behalf of the measure today were Senator Hunt, of Wyoming; Robert N. Harris, chairman of the Shoshone Business Council; Bruce Groesbeck, delegate for the Arapahoe Tribe; Samuel Flickinger, Assistant Chief Counsel, Bureau of Indian Affairs; Eugene Eaton, Operation and Maintenance Division, Bureau of Reclamation; Kenneth R. L. Simmons, attorney for Arapahoe Tribe; George M. Tunnison, attorney for Shoshone Tribe; and Donovan S. Koontz, Bureau of Reclamation. Adjourned subject to call of Chair.

SOLANO PROJECT, CALIFORNIA

Committee on Interior and Insular Affairs: The Subcommittee on Irrigation and Reclamation approved for reporting to the full committee a resolution (proposed by Representative D'Ewart) which would reauthorize the Solano project in California, and designate the manner in which interest would be charged on municipal water rates. This action was taken following defeat of a motion to table said resolution. Opposition testimony was received today from Representative Scudder, of California; while proponent views were presented by Dugald Gillies, secretary of the Solano County Water Association. Adjourned subject to call.

COLOR TELEVISION

Committee on Interstate and Foreign Commerce: Chairman Wolverton today called on the Federal Communications Commission to outline what it can do to expedite the early advent of color television. This hearing followed a full week of testimony of color television by industry representatives. He said "from what we have heard this past week, it is apparent that further action soon will be required on the part of the Federal Communications Commission before color television will become a reality in the homes of the American public. It appears that field tests of the color television signal standards proposed by the National Television System Committee soon will be completed. If they bear out the optimistic opinions expressed to us, it then will be up to the FCC."

Paul A. Walker, Chairman of the Federal Communications Commission, presented the Commission's position on the subject and discussed in detail the agency's role in this matter. In his conclusion Mr. Walker said, "A decision on color is one that may be with us for

generations to come. Congress has provided an orderly process by which the decision on behalf of the public interest on this important question shall be made. Already, the question has received long and serious deliberation to be sure that the public will be given the correct answer. In fact, each arm of the Government has, in a broad sense, participated in these deliberations, including the highest Court in the land. If that answer is found tomorrow to require revision in the light of changing conditions, we are fortunate that our governmental processes are adjustable to meet the demands of the public interest. But we say to you with all the force at our command, that, as we have found from experience, shortcuts to a commendable objective frequently are blind alleys or dead-end streets." Committee adjourned until tomorrow morning when it will take up the subject of newsprint.

IMMIGRATION

Committee on the Judiciary: Subcommittee No. 1 approved for reporting to the full committee 23 private immigration bills (19 of the House and 4 of the Senate). Also reported adversely on 18 other private immigration bills of the House.

JUSTICE DEPARTMENT

Committee on the Judiciary: The Keating subcommittee which is investigating the administration of the Department of Justice resumed its executive hearings. Recessed until tomorrow morning.

TERMINAL LEAVE

Committee on Post Office and Civil Service: Began hearings on H. R. 4039, and similar legislation, regarding lump-sum leave payments for Government officials. In a statement by committee Chairman Rees it was disclosed that these public hearings are being held on H. R. 4039, legislation which would exclude from the provisions of the Annual and Sick Leave Act of 1951 officials in the executive branch of the Government specified in Public Law 359 (81st Cong.), the act which established the rates of pay of the heads and assistant heads of executive departments and independent offices. This includes Presidential assistants and top-level Presidential appointments. He stated that this bill, when enacted into law, will prevent any such payments to department and agency heads in large sums as has been recently disclosed by the Comptroller General's report to the Appropriations Committee.

Departmental officials testified today and endorsed the provisions of H. R. 4039, in principle. Witnesses heard were Frank L. Yates, Assistant Comptroller General of the United States, accompanied by E. L. Fisher, General Counsel, General Accounting Office, and Robert F. Keller, Assistant to the Comptroller General; and Philip Young, Chairman, Civil Service Commission, who was accompanied by Joseph Winslow, Assistant Executive Director, Civil Service Commission; C. Spencer Platt,

[COMMITTEE PRINT]

MAY 21, 1953

Calendar No.

83^D CONGRESS
1ST SESSION

S. 1505

[Report No.]

IN THE SENATE OF THE UNITED STATES

MARCH 30, 1953

Mr. AIKEN (for himself and Mr. ELLENDER) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

MAY , 1953

Reported by Mr. _____, with amendments

[Omit the part struck through and insert the part printed in *italic*]

A BILL

To increase farmer participation in ownership and control of the Federal Farm Credit System; to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE

4 SECTION 1. This Act may be cited as the “Farm Credit
5 Act of 1953”.

DECLARATION OF POLICY

SEC. 2. It is declared to be the policy of the Congress to encourage and facilitate increased borrower participation in the management, control, and ultimate ownership of the permanent system of agricultural credit made available through institutions operating under the supervision of the Farm Credit Administration, and the provisions of this Act shall be construed in keeping with this policy. The Federal Farm Credit Board hereinafter provided for shall within one year after appointment make recommendations to the Congress of means, supplemental to those provided by this Act, of carrying into effect such declared ~~policy~~ *policy, including, but not limited to, means of increasing borrower participation in ownership of the Federal Farm Credit System to the end that the investment of the United States in the Federal intermediate credit banks, production credit corporations, Central Bank for Cooperatives, and regional banks for cooperatives may be retired.*

FARM CREDIT ADMINISTRATION

SEC. 3. The Farm Credit Administration shall be in the Department of Agriculture. The Secretary of Agriculture shall report to the President with respect to the operations and functions of the Farm Credit Administration. The Federal Farm Credit Board, hereinafter provided for, shall have direction, supervision, and control of the Farm Credit Ad-

1 ministration and of its operations and functions, as in this
2 Act provided.

3 FEDERAL FARM CREDIT BOARD

4 SEC. 4. (a) There shall be established in the Farm
5 Credit Administration, a Federal Farm Credit Board (here-
6 inafter referred to as the "Board"). Said Board shall con-
7 sist of thirteen members. Twelve of the members, one from
8 each of the farm credit districts of the United States, shall
9 be known as appointed members and shall be appointed by
10 the President with the advice and consent of the ~~Senate,~~
11 ~~upon~~ *Senate. In making appointments to the Board the*
12 *President shall have due regard to a fair representation of*
13 *the public interest, the welfare of all farmers and the various*
14 *types of cooperative agricultural credit interests; shall give*
15 *special consideration to persons who are experienced in co-*
16 *operative agricultural credit; and shall, before making such*
17 *appointments, receive and consider* nominations made as
18 follows: The national farm loan associations in the dis-
19 trict shall designate one nominee, the production credit
20 associations in the district shall designate one nominee,
21 and the cooperatives which are stockholders or subscrib-
22 ers to the guaranty fund of the bank for cooperatives of
23 the district shall designate one nominee, in accord-
24 ance with the procedure prescribed in sections 5 (e) and
25 5 (f) of the Farm Credit Act of 1937 for the nomination

1 and election of members of a district farm credit board, ex-
2 cept that only the two persons receiving the highest num-
3 ber of votes shall be included in the list of nominees prepared
4 as a result of the voting under the procedure prescribed in
5 said section 5 (e) provided that the names of all those who
6 are tied for second place as a result of said voting shall be
7 included in the list; and in case of a tie in the voting under
8 the procedure prescribed in said section 5 (f) the procedure
9 prescribed therein shall be followed again until the tie is
10 broken; and provided that if the same person would other-
11 wise be on the list of nominees of more than one of said
12 groups as a result of the voting under said section 5 (e)
13 he may choose the one list on which his name shall appear,
14 and otherwise his name shall appear only on the list of the
15 two highest nominees of the group which gave him the
16 highest percentage of its votes. Subsequent appointments
17 shall be made ~~upon like nominations and in like manner~~
18 *after receiving and considering nominations made in like*
19 *manner.*

20 (b) Each appointed member of said Board shall be a
21 citizen of the United States and shall have been a resident
22 of the farm credit district from which appointed for not less
23 than ten years next preceding his appointment, and the
24 removal of residence from the district during his tenure shall
25 operate as a termination of his membership on said Board.

1 No appointed member of said Board shall be eligible to serve
2 for more than one full term of six years, and, in addition,
3 a term of less than six years if he is one of the first mem-
4 bers to be ~~appointed~~ *for appointed, or is appointed to fill*,
5 the unexpired portion of one term expiring before his
6 appointment to a full term. No person shall be eligible
7 for nomination or appointment to membership as an
8 appointed member of said Board if such person has
9 within one year next preceding the commencement of
10 the term been a salaried officer or employee of the Farm
11 Credit Administration, or a salaried officer or employee of
12 any corporation operating under the supervision of the Farm
13 Credit Administration. Any person who is a member of the
14 district farm credit board when appointed as a member of the
15 Federal Farm Credit Board shall resign as a member of the
16 district board before assuming his duties as a member of
17 the Federal Farm Credit Board. No person who becomes an
18 appointed member of said Board shall be eligible to continue
19 to serve as a member thereof if such person becomes a mem-
20 ber of any district farm credit board, or an officer or em-
21 ployee of the Farm Credit Administration, or an officer or
22 employee of any corporation operating under the supervision
23 of the Farm Credit Administration.

24 (c) The term of office of the appointed members of
25 said Board shall be six years, beginning with the first day

1 of the calendar month in which this Act takes effect, and
2 such members shall serve until their successors are duly ap-
3 pointed and qualified; however, of the first appointed mem-
4 bers appointed hereunder, two shall be appointed for a
5 term of one year from said date, two for a term of two years,
6 two for a term of three years, two for a term of four years,
7 two for a term of five years, and two for a term of six years.
8 All vacancies in the offices of appointed members on said
9 Board shall be filled for the unexpired portion of the term
10 upon like nominations and by like appointments as herein
11 provided for the appointment of the first such members of
12 said Board.

13 (d) The thirteenth member of the Board shall be desig-
14 nated by the Secretary of Agriculture, shall serve at the
15 pleasure of the Secretary, and shall be known as the Secre-
16 tary's Representative on said Board. He shall be a citizen
17 of the United States and shall have been a resident of the
18 United States for not less than ten years next preceding his
19 designation to membership on said Board. No person shall be
20 eligible to be designated by the Secretary or to serve as the
21 Secretary's Representative on said Board, if such person is
22 a member of a district farm credit board, an officer or em-
23 ployee of any corporation operating under the supervision
24 of the Farm Credit Administration. The Secretary's Repre-
25 sentative shall not be eligible to serve as Chairman, Vice

1 Chairman, or Secretary of the Board, but shall otherwise
2 possess all rights and privileges of membership on said
3 Board.

4 (e) As soon as practicable after the memberships on said
5 Board have been filled as in this Act provided, the members
6 of said Board shall meet, subscribe the oath of office, and
7 organize by electing from the appointed members a Chair-
8 man and a Vice Chairman; and said Board shall appoint a
9 Secretary from within or without its membership as it may
10 see fit. The Board shall elect annually for a term of one year
11 the Chairman, Vice Chairman, and Secretary, who shall
12 serve until their successors are elected and take office. The
13 Chairman shall preside at all meetings and the Vice Chairman
14 shall preside in the absence or disability of the Chairman.
15 The Board may, in the absence of both the Chairman and
16 Vice Chairman, elect any appointed member to act as Chair-
17 man pro tempore. Seven members shall constitute a quorum
18 of the Board for the transaction of business. The Board may
19 function notwithstanding vacancies provided a quorum as
20 herein established shall be present. The Board shall meet
21 at such times and places as it may fix and determine, but
22 shall hold at least four regularly scheduled meetings a year;
23 and special meetings may be held on call of the Chairman or
24 any three members of the Board.

25 (f) Each member of the Board shall receive the sum of

1 \$50 for each day or part thereof spent in the performance of
2 his official duties, which compensation, however, shall not be
3 paid for more than seventy-five days (or parts of days) in
4 any calendar year; and shall not be paid to the Secretary's
5 Representative if he is a full-time officer or employee of the
6 United States, or such payment is otherwise prohibited by
7 law; and in addition, shall be reimbursed for necessary travel,
8 subsistence, and other expenses incurred in the discharge of
9 his official duties, without regard to other laws with respect
10 to allowances which may be made on account of travel and
11 subsistence expenses of officers and employed personnel of
12 the United States.

13 (g) The Board shall adopt such rules as it may see fit
14 for the transaction of its business, and shall keep permanent
15 and complete records and minutes of its acts and proceedings.

16 GOVERNOR OF FARM CREDIT ADMINISTRATION

17 SEC. 5. (a) The Board shall appoint a Governor of the
18 Farm Credit Administration (hereinafter referred to as the
19 "Governor") who shall serve at the pleasure of the Board,
20 and who shall, subject to the general supervision and direc-
21 tion of the Board as to matters of a broad and general super-
22 visory, advisory, or policy nature, and except as otherwise
23 herein specifically provided, be responsible for the execution
24 of this Act, all Acts amendatory thereof and supplemental
25 thereto, and all Acts creating the powers, functions, and

1 duties of the Farm Credit ~~Administration~~ *Administration*:
2 *Provided, however, That pending retirement of Government*
3 *capital in institutions supervised by the Farm Credit Adminis-*
4 *tration, the appointment of the Governor shall be subject to*
5 *the approval of the President; and during such period the*
6 *President shall have power to require the removal of the*
7 *Governor.*

8 (b) The Board shall fix the compensation of the Gov-
9 ernor: *Provided, That the salary of the Governor shall not*
10 *exceed \$20,000 \$15,000 a year, together with necessary*
11 *traveling and subsistence expenses, or per diem allowance*
12 *in lieu thereof within the limitations prescribed by law, while*
13 *away from his official station upon official business.*

14 (c) It shall be the duty of the Governor to comply
15 with all orders and directions which he receives from the
16 Board; as to all third persons, all acts of the Governor shall
17 be conclusively presumed to be in compliance with the
18 orders and directions of the Board.

19 (d) The Governor shall appoint such other personnel
20 as may be necessary to carry out the functions, powers, and
21 duties vested in the Farm Credit ~~Administration~~ *Administra-*
22 *tion, subject to the provisions of the Classification Act as*
23 *amended.* The Farm Credit Administration shall consist of
24 the Board, the Governor, and such other personnel as are em-

1 ployed in carrying out the functions, powers, and duties
2 vested in the Farm Credit Administration. All functions,
3 powers, and duties of the Farm Credit Administration, except
4 those herein conferred upon the Board, shall be exercised
5 and performed by the Governor and may be exercised and
6 performed by him through such officers and employees of
7 the Farm Credit Administration as he shall designate.

8 (e) The term of office of the incumbent of the office of
9 Governor of the Farm Credit Administration appointed be-
10 fore the effective date of this Act and holding office on that
11 date shall terminate on that date and said office shall thereby
12 become vacant: *Provided*, That if as of that date the Board
13 for any reason has not entered upon the discharge of its
14 duties the Secretary of Agriculture shall designate an assist-
15 ant to the Secretary to serve as Acting Governor of the
16 Farm Credit Administration and such Acting Governor shall
17 exercise and perform all functions, powers, and duties vested
18 by this Act in the Farm Credit Administration until his
19 services are terminated by the Board *Provided*, That if as
20 of that date a Governor has not been appointed, and qualified,
21 under this Act, the Secretary of Agriculture shall designate
22 an assistant to the Secretary to serve as Acting Governor
23 of the Farm Credit Administration and such Acting Governor
24 shall exercise and perform all functions, powers, and duties

1 *vested in the Farm Credit Administration until the appoint-*
 2 *ment and qualification of a Governor as in this Act provided.*
 3 *The Acting Governor shall be subject to the powers of the*
 4 *Board when the Board has been appointed and qualified.*

5 RESPONSIBILITIES OF THE BOARD

6 SEC. 6. It shall be the function and duty of the Board
 7 (1) to see that the policies fixed by the Board hereunder
 8 are carried out; ~~(2) to exercise adequate budgetary control~~
 9 ~~over the Farm Credit Administration;~~ ~~(3)~~ (2) to require
 10 such reports as it deems necessary from the Governor and
 11 from any of the officials or corporations under the control or
 12 supervision of the Farm Credit Administration; ~~(4)~~ (3) to
 13 make an annual report to Congress, including therein any
 14 recommendations of amendments to the laws relative to
 15 Federal agricultural credit; and ~~(5)~~ (4) to exercise general
 16 direction and supervision over the performance of all func-
 17 tions, powers, and duties vested in the Governor when relat-
 18 ing in the judgment of the Board to matters of a broad and
 19 general supervisory, advisory, or policy nature. It shall
 20 function as a unit without delegating authority to individual
 21 members and shall not operate in an administrative capacity;
 22 and all administrative powers, functions, and duties of the
 23 Farm Credit Administration shall be exercised and performed
 24 by the Governor.

1 OFFICES ABOLISHED AND FUNDS TRANSFERRED

2 SEC. 7. (a) The offices of the Land Bank Commis-
3 sioner, Production Credit Commissioner, Cooperative Bank
4 Commissioner, and Intermediate Credit Commissioner are
5 hereby abolished. The Governor shall designate an officer
6 or employee of the Farm Credit Administration to serve at
7 the pleasure of the Governor as a member of the board of
8 directors of the Central Bank for Cooperatives, as chairman
9 of said board of directors, and as executive officer of said
10 bank, in lieu of the Cooperative Bank Commissioner. The
11 Governor shall designate an officer or employee of the Farm
12 Credit Administration to serve at the pleasure of the Gov-
13 ernor as a member of the board of directors of the Federal
14 Farm Mortgage Corporation, in lieu of the Land Bank
15 Commissioner. The Federal Farm Mortgage Corporation
16 and its functions and activities are hereby transferred to the
17 Farm Credit Administration and shall be administered
18 therein under the general direction and supervision thereof.

19 (b) Employees in the Department of Agriculture, who
20 are being utilized on the effective date of this Act primarily
21 for the performance of functions, powers, and duties hereto-
22 fore or by this Act vested in the Farm Credit Administration,
23 shall be transferred to the jurisdiction and control of the Farm
24 Credit Administration in those instances in which the Gov-

1 ernor determines that they are qualified and necessary to
2 carry out the functions, powers, and duties of the Farm Credit
3 Administration.

4 (c) All assets, funds, contracts, property, and records
5 used and employed in the execution of the functions, powers,
6 and duties heretofore or by this Act vested in the Farm
7 Credit Administration are hereby transferred to the juris-
8 diction and control of the Farm Credit Administration.

9 (d) So much of the unexpended balances of appropria-
10 tions, allocations, and other funds available or to be made
11 available for salaries, expenses, and all other administrative
12 expenditures as the Director of the Bureau of the Budget
13 shall determine for use in the execution of the functions here-
14 tofore or by this Act vested in the Farm Credit Administra-
15 tion, shall be transferred to and vested in the Farm Credit
16 Administration.

17 (e) All unexpended balances of appropriations, alloca-
18 tions, or other funds, other than those mentioned in subsec-
19 tion (d) of this section, available (including those available
20 for the fiscal year ending June 30, 1953) for the Farm
21 Credit Administration and/or for the Secretary of Agri-
22 culture on account of the functions and activities of Farm
23 Credit Administration, shall be transferred to the Farm

1 Credit Administration and shall remain available for the
2 exercise of the functions and activities of the Farm Credit
3 Administration.

4 DELEGATIONS TO DISTRICT INSTITUTIONS

5 SEC. 8. The Farm Credit Administration is authorized
6 and directed by order or rules and regulations, to delegate
7 to a Federal land bank such of the duties, powers, and
8 authority of the Farm Credit Administration with respect
9 to and over National Farm Loan Associations, their offi-
10 cers and employees, in the farm credit district wherein such
11 Federal land bank is located, as may be determined to be
12 in the interest of effective administration; and, in like man-
13 ner, to delegate to a production credit corporation such of
14 the duties, powers, and authority of the Farm Credit Ad-
15 ministration with respect to and over production credit as-
16 sociations, their officers and employees, in the farm credit
17 district wherein such production credit corporation is located,
18 as may be determined to be in the interest of effective ad-
19 ministration; and, in either case the duties, powers, and au-
20 thority so delegated shall be performed and exercised under
21 such conditions and requirements and upon such terms as
22 the Farm Credit Administration may specify. Any Federal
23 land bank or production credit corporation to which any
24 such duties, powers, or authority may be delegated is hereby
25 authorized and empowered to accept, perform, and exercise

1 such duties, powers, and authority as may be so delegated
2 to it.

3 DIVISION OF COOPERATIVE MARKETING TRANSFERRED

4 SEC. 9. There is hereby transferred from the Farm
5 Credit Administration to the ~~Agricultural Research Adminis-~~
6 ~~tration in the Department of Agriculture,~~ as a bureau of
7 ~~such agency,~~ *jurisdiction and control of the Secretary of*
8 *Agriculture,* the Division of Cooperative Marketing (by
9 whatever name now called), authorized and created under
10 and by virtue of an Act of Congress of July 2, 1926 (Public
11 450, Sixty-ninth Congress), entitled "An Act to create a
12 Division of Cooperative Marketing in the Department of
13 Agriculture; to provide for the acquisition and dissemination
14 of information pertaining to cooperation; to promote the
15 knowledge of cooperative principles and practices; to pro-
16 vide for calling advisers to counsel with the Secretary of
17 Agriculture on cooperative activities; to authorize coopera-
18 tive associations to acquire, interpret, and disseminate crop
19 and market information, and for other purposes", together
20 with all functions pertaining to the work and services of such
21 Division, its personnel, property (including office equip-
22 ment), assets, funds, contracts, and records used and em-
23 ployed in the execution of its functions, powers, and duties,
24 and so much of the unexpended balances of appropriations,
25 allocations, and other funds available or to be made available

1 for salaries, expenses, and all other administrative expendi-
2 tures as the Director of the Bureau of the Budget shall de-
3 termine, for use in the execution of the functions, powers,
4 and duties of said ~~Division in said Department~~ *Division*. *The*
5 *functions of said Division shall be assigned to or affiliated*
6 *with such agency or agencies of the Department of Agri-*
7 *culture as the Secretary may determine.*

8 FRANCHISE TAX PROVISIONS

9 SEC. 10. Section 23 of the Federal Farm Loan Act, as
10 amended, is further amended by adding at the end thereof
11 a new paragraph as follows:

12 “Notwithstanding any other provision of this Act, in
13 the case of a Federal land bank having outstanding capital
14 stock held by the United States during the whole or any
15 part of a fiscal year, said bank shall, after complying with
16 the reserve requirements of the preceding paragraphs of
17 this section and before declaring any dividends to share-
18 holders, pay to the United States a franchise tax equal to
19 25 per centum of its net earnings then remaining, not to
20 exceed, however, a rate of return on such Government
21 capital equal to the average net interest cost of financing
22 direct obligations of the United States during the fiscal year
23 of the United States ending next before such tax is due
24 (such rate to be determined by the Farm Credit Administra-

1 tion upon the basis of data obtainable from the Secretary of
2 the Treasury).”

3 SEC. 11. Section 6 of the Farm Credit Act of 1933 is
4 amended by adding at the end thereof a new paragraph as
5 follows:

6 “(e) Each production credit corporation shall, at the
7 end of each fiscal year (1) apply its earnings described in
8 subsection (c) of this section in accordance with the pro-
9 visions of subsections (c) and (d) of this section; and (2)
10 apply its earnings from all other sources, first, to the pay-
11 ment of any operating expenses for the year remaining un-
12 paid; second, to restore losses and impairment of capital, if
13 any, of the corporation; third, to the creation and mainte-
14 nance of a surplus equal to 25 per centum of the paid-in
15 capital of the corporation; fourth, to the payment of 25 per
16 centum of its earnings from all sources then remaining to the
17 United States as a franchise tax, and fifth, to the payment of
18 the remaining earnings into its surplus account.”

19 SEC. 12. Section 36 of the Farm Credit Act of 1933 is
20 amended to read as follows:

21 “The Central Bank for Cooperatives shall, at the end
22 of its fiscal year, apply the amount of its earnings in excess
23 of operating expenses during such fiscal year: First, to mak-
24 ing up any losses incurred; second, to the restoration of the

1 amount of the impairment, if any, of capital and guaranty
2 fund as determined by the chairman of the board; third, 25
3 per centum of the remainder of such excess of earnings shall
4 be applied to the creation and maintenance of a surplus equal
5 to at least 25 per centum of the amount of the capital and
6 guaranty fund; fourth, if said bank shall have outstanding
7 capital stock held by the United States during the whole or
8 any part of the fiscal year, it shall next pay to the United
9 States as a franchise tax, a sum equal to 25 per centum of its
10 net earnings then remaining, not exceeding, however, a rate
11 of return on such Government capital equal to the average
12 net interest cost of financing direct obligations of the United
13 States during the fiscal year of the United States ending next
14 before such tax is due (such rate to be determined by the
15 Farm Credit Administration upon the basis of data obtainable
16 from the Secretary of the Treasury) ; and fifth, any sums
17 remaining shall be carried into its surplus account or devoted
18 to the payment of dividends, as may be determined by the
19 chairman of the board. Subscribers to the guaranty fund
20 shall be entitled to dividends in the same amounts as the
21 subscribers to the stock. No rate of dividend in excess of
22 7 per centum per annum shall be paid. Dividends on stock
23 held by the Farm Credit Administration or the Governor
24 thereof, when paid, shall be credited to the revolving fund

1 created under section 6 of the Agricultural Marketing Act,
2 as amended.”

3 SEC. 13. Section 42 of the Farm Credit Act of 1933 is
4 amended to read as follows:

5 “The provisions of section 35, as amended, and the
6 provisions of section 36, as amended, shall apply in the case
7 of Banks for Cooperatives in the same manner and to the
8 same extent as such provisions are applicable to the Central
9 Bank for Cooperatives, except that powers conferred on the
10 Chairman of the Board of the Central Bank for Cooperatives
11 shall be exercised by the Boards of Directors of the Banks
12 for Cooperatives, subject to the approval of the Farm Credit
13 Administration.”

14 MEMBERSHIP OF DISTRICT FARM CREDIT BOARDS

15 SEC. 14. Section 5 (b) of the Farm Credit Act of 1937
16 is amended to read as follows:

17 “(b) There shall be in each farm credit district a farm
18 credit board which shall be selected as hereinafter specified
19 and shall be composed of seven members. Each farm credit
20 board shall include in its title the name of the city in which
21 the Federal land bank, Federal intermediate credit bank,
22 production credit corporation, and regional bank for coopera-
23 tives of the district are located. Three of the seven mem-
24 bers of said board shall be known as elected directors, of

1 whom one shall be chosen by national farm loan associa-
2 tions, one shall be chosen by production credit associations
3 of the district, and one shall be chosen by cooperatives
4 which are stockholders or subscribers to the guaranty fund
5 of the regional bank for cooperatives in the district. Sub-
6 ject to the other provisions hereof, three of the seven mem-
7 bers shall be known as district directors and shall be ap-
8 pointed by the Governor of the Farm Credit Administra-
9 tion by and with the advice and consent of the Federal
10 Farm Credit Board. The seventh member of such board
11 shall be known as director-at-large and shall be appointed
12 by the Governor of the Farm Credit Administration by and
13 with the advice and consent of the Federal Farm Credit
14 Board. Each farm credit board shall elect from its members
15 a chairman and vice chairman, and shall appoint a secretary
16 from within or without its membership as it may see fit. The
17 chairman, vice chairman, and secretary shall each be elected
18 for a term of one year and until their successors are elected
19 and take office and the board shall elect such officers each
20 year. The chairman shall preside at all meetings and the
21 vice chairman shall preside in the absence or disability of the
22 chairman. The board may, in the absence of both the chair-
23 man and vice chairman, elect a member to act as chairman
24 pro tempore.”

25 SEC. 15. Section 5 of the Farm Credit Act of 1937 is

1 amended by striking out the entire text of subdivision (d)
2 thereof and inserting in lieu thereof the following:

3 “(d) (1) The member of the farm credit board of each
4 farm credit district known as the ‘third district director’,
5 who is in office on the effective date of this Act, shall serve as
6 such until his term of office expires. Thereafter, there shall
7 be no member of the district farm credit board to be known
8 as the ‘third district director’.

9 “(2) Notwithstanding the above provision with respect
10 to the appointment of district directors, one additional mem-
11 ber of said board shall be elected by each of the groups
12 aforesaid (national farm loan associations and borrowers
13 through agencies, production credit associations, and cooper-
14 atives which are stockholders or subscribers to the guaranty
15 fund of the regional bank for cooperatives of the district),
16 and serve in lieu of a district director, under the following
17 circumstances and conditions:

18 “(A) Whenever, as determined by the Farm Credit
19 Administration, the sum of the capital stock held by national
20 farm loan associations, surplus and reserves of a Federal land
21 bank shall equal or exceed $66\frac{2}{3}$ per centum of the total of
22 the capital stock, surplus, and reserves of such bank as of the
23 date three months before the expiration of the term of office
24 of the district director (or third district director) whose term
25 next expires, the successor to such director shall be elected

1 by the national farm loan associations of the district in the
2 manner herein provided, shall be known as an elected di-
3 rector, and successors to that office shall be so elected and
4 known from term to term while such conditions obtain:
5 *Provided*, That if and when, as determined by the Farm
6 Credit Administration, such conditions do not obtain as of
7 the date three months before the expiration of the term of
8 office of any director so elected under the provisions of this
9 subparagraph, the successor to such director shall be ap-
10 pointed by the Governor of the Farm Credit Administration
11 by and with the advice and consent of the Federal Farm
12 Credit Board, shall be known as a district director, and suc-
13 cessors to that office shall be so appointed and known from
14 term to term for such terms as appointment is not precluded
15 by the election of an additional director by one of the groups
16 aforesaid as herein provided: *And provided further*, That
17 such national farm loan associations shall again and from time
18 to time elect one additional director as aforesaid if and when
19 the required conditions named in this subparagraph shall be
20 determined to obtain as aforesaid.

21 “(B) Whenever, as determined by the Farm Credit
22 Administration, the sum of the capital stock held by persons
23 other than the production credit corporation of the district,
24 surplus and reserves of the production credit associations

1 (collectively) of a farm credit district shall equal or exceed
2 $66\frac{2}{3}$ per centum of the total of the capital stock, surplus,
3 and reserves of the production credit associations (collec-
4 tively) of said district as of the date three months before the
5 expiration of the term of office of the district director (or
6 third district director) whose term next expires, the suc-
7 cessor to such director shall be elected by the production
8 credit associations of the district in the manner herein pro-
9 vided, shall be known as an elected director, and successors
10 to that office shall be so elected and known from term to
11 term while such conditions obtain: *Provided*, That if and
12 when, as determined by the Farm Credit Administration,
13 such conditions do not obtain as of the date three months
14 before the expiration of the term of office of any director so
15 elected under the provisions of this subparagraph, the suc-
16 cessor to such director shall be appointed by the Governor
17 of the Farm Credit Administration by and with the advice
18 and consent of the Federal Farm Credit Board, shall be
19 known as a district director, and successors to that office
20 shall be so appointed and known from term to term for such
21 terms as appointment is not precluded by the election of
22 an additional director by one of the groups aforesaid as
23 herein provided: *And provided further*, That such produc-
24 tion credit associations shall again and from time to time

1 elect one additional director as aforesaid, if and when the
2 required conditions named in this subparagraph shall be
3 determined to obtain as aforesaid.

4 “(C) Whenever, as determined by the Farm Credit
5 Administration, the sum of the capital stock and subscrip-
6 tions to the guaranty fund held by cooperatives which are
7 stockholders or subscribers to the guaranty fund of a regional
8 bank for cooperatives, surplus and reserves of said bank shall
9 equal or exceed $66\frac{2}{3}$ per centum of the total capital stock,
10 subscriptions to the guaranty fund, surplus and reserves of
11 said bank as of the date three months before the expiration
12 of the term of office of the district director (or third district
13 director) whose term next expires, the successor to such
14 director shall be elected by the cooperatives which are stock-
15 holders or subscribers to the guaranty fund of said bank in
16 the manner herein provided, shall be known as an elected
17 director, and successors to that office shall be so elected and
18 known from term to term while such conditions obtain:
19 *Provided*, That if and when, as determined by the Farm
20 Credit Administration, such conditions do not obtain as of the
21 date three months before the expiration of the term of office
22 of any director so elected under the provisions of this sub-
23 paragraph, the successor to such director shall be appointed
24 by the Governor of the Farm Credit Administration by and
25 with the advice and consent of the Federal Farm Credit

1 Board, shall be known as a district director, and successors
2 to that office shall be so appointed and known from term to
3 term for such terms as appointment is not precluded by the
4 election of an additional director by one of the groups afore-
5 said as herein provided: *Provided further*, That such co-
6 operatives which are stockholders or subscribers to the
7 guaranty fund of said bank shall again and from time to
8 time elect one additional director as aforesaid if and when
9 the required conditions named in this subparagraph shall
10 be determined to obtain as aforesaid: *Provided further*, That
11 at no time and under no conditions shall there be in office
12 less than one or more than two members of said board who
13 are serving by election of any one of the groups aforesaid
14 (national farm loan associations and borrowers through
15 agencies, production credit associations, and cooperatives
16 which are stockholders or subscribers to the guaranty fund
17 of the regional bank for cooperatives of the district): *And*
18 *provided further*, That if two or more of said groups shall,
19 under the terms and provisions hereof, become qualified to
20 elect an additional director pending the expiration of the
21 term of office of the district director (or third district
22 director) whose term next expires, preference shall be given,
23 first to national farm loan associations and borrowers through
24 agencies, next to production credit associations, and next to
25 cooperatives which are stockholders or subscribers to the

1 guaranty fund of the regional bank for cooperatives, to elect
2 an additional director as herein provided as the terms of
3 office of district directors, including the third district director
4 if he be still in office, expire.”

5 SEC. 16. (a) Any other provisions of law to the con-
6 trary notwithstanding after the effective date of this Act
7 any production credit association may, with the approval of
8 the President of the Production Credit Corporation and of
9 the Farm Credit Administration, issue nonvoting preferred
10 stock, to be known as class C stock, which may be pur-
11 chased and held by production credit corporations and by
12 investors: *Provided*, That the issuance of such stock shall be
13 authorized by vote of not less than two-thirds of the out-
14 standing shares of class A stock of the association (other than
15 shares held by the Production Credit Corporation) by the
16 holders thereof in person or by proxy and by vote of not
17 less than two-thirds of the outstanding shares of class B
18 stock of the association by the holders thereof in person or
19 by proxy; and for this purpose holders of class A stock
20 (other than the Production Credit Corporation) and holders
21 of class B stock shall be entitled to one vote for each share
22 of stock held by them.

23 (b) Such class C stock of such associations shall be
24 divided into shares of \$5 each. The resolution of the stock-

1 holders authorizing the issuance of class C stock and every
2 certificate of class C stock issued shall state and express the
3 privileges, restrictions, limitations, and qualifications affecting
4 said stock, and the total amount of the authorized issue to
5 which it belongs.

6 (c) Such class C stock may (1) be made subject to
7 redemption in such manner, at such time or times, and at
8 such price or prices; (2) be given such preferences as to
9 net assets upon dissolution of the corporation, whether volun-
10 tary or involuntary; (3) be given the right to receive such
11 cumulative or noncumulative dividends payable quarterly,
12 semiannually, or annually, and payable as a whole or in part
13 before any dividend shall be set apart for or paid on class
14 A and class B stock; and (4) be made subject to such other
15 restrictions, limitations, and qualifications; as shall be stated
16 and expressed in the resolution of the stockholders au-
17 thorizing the issuance thereof and in the face of the stock
18 certificates.

19 APPROPRIATIONS AND EXPENDITURES

20 SEC. 17. (a) There are authorized to be appropriated
21 such sums as may be necessary or appropriate for administer-
22 ing the provisions of this ~~Act~~ *Provided, That the cost of ex-*
23 *aminations and of administrative supervision of the Farm*
24 *Credit Administration shall continue to be supported by*

1 *assessments against institutions supervised by the Farm Credit*
2 *Administration as provided in the Department of Agriculture*
3 *Organic Act of 1944.*

4 (b) Farm Credit Administration may, within the limits
5 of funds available therefor, *and subject to provisions of law*
6 *generally applicable to Government agencies*, make necessary
7 expenditures for personnel services and rent at the seat of gov-
8 ernment and elsewhere; contract stenographic report-
9 ing services; purchase and exchange of lawbooks, books of
10 reference, periodicals, newspapers, expenses of attendance at
11 meetings and conferences; purchase, operation, and mainte-
12 nance, at the seat of government and elsewhere, of motor-
13 propelled passenger-carrying vehicles and other vehicles;
14 printing and binding; and for such other facilities and services
15 as it may from time to time find necessary for the proper
16 administration of this Act.

17 SEC. 18. This Act shall take effect ~~ninety~~ *one hundred*
18 *and twenty* days after the date of its enactment: *Provided,*
19 *however,* That immediately following the enactment of this
20 Act the Farm Credit Administration shall proceed with
21 the designation of nominees as provided in section 4
22 (a) hereof and the members of the Federal Farm Credit
23 Board shall be appointed or designated sufficiently in ad-
24 vance of the effective date of this Act to enable said Board
25 to prepare to enter upon the discharge of its duties upon

1 the effective date of this Act; and after the effective date
2 of this Act, the compensation and expenses of the Board
3 members shall be paid, as provided herein, from the date
4 on which their appointments became effective, out of any
5 funds available for the payment of administrative expenses of
6 the Farm Credit Administration.

7 SEC. 19. All Acts or parts of Acts inconsistent with the
8 provisions of this Act are hereby repealed to the extent of
9 such inconsistency.

10 SEC. 20. (a) If any provision of this Act, or the ap-
11 plication thereof to any person or circumstances, is held
12 invalid, the remainder of the Act, and the application of
13 such provisions to other persons or circumstances, shall not
14 be affected thereby.

15 (b) The right to alter, amend, or repeal this Act is
16 hereby expressly reserved.

Amend the title so as to read: "A bill to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes."

MAY 21, 1953

Calendar No.

83d CONGRESS
1st Session

S. 1505

[Report No.]

A BILL

To increase farmer participation in ownership and control of the Federal Farm Credit System; to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

By Mr. AIKEN and Mr. ELLENDER

MARCH 30, 1953

Read twice and referred to the Committee on
Agriculture and Forestry

MAY , 1953

Reported with amendments

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued May 25, 1953

For actions of May 22, 1953

83rd-1st, No. 94

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HOUSE

1. APPROPRIATIONS. Continued debate on H. R. 5426, the Labor-HEW appropriation bill for 1954 (pp. 5540-87). Adopted, 123-61, a Barden amendment to restore the vocational education item to the current-year figure of \$18,673,261 (pp. 5571-85). Adopted a Busbey amendment (on behalf of the committee) to restore the estimate of \$2,501,500 for further endowment of colleges of agriculture and mechanics, but Rep. Busbey said, "We are...giving the States notice that the committee will expect the States to assume this responsibility at the earliest possible date" (pp. 5586-7).

2. ADJOURNED until Mon., May 25 (p. 5590).

BILLS INTRODUCED

3. ELECTRIFICATION. H. R. 5356, by Rep. Clardy, to increase the interest rates on REA loans from 2% to 4%; to Agriculture Committee (p. 5590).

4. FORESTRY. H. R. 5358, by Rep. Hope, to protect the surface values of national-forest lands; to Agriculture Committee (p. 5590).

5. FARM CREDIT; REORGANIZATION. H. R. 5359, by Rep. Hope, to increase farmer participation in ownership and control of the Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; to Agriculture Committee (p. 5590).

6. MIGRATORY LABOR. H. R. 5368, by Rep. Rhodes, Ariz., to establish a Federal Committee on Migratory Labor; to Education and Labor Committee (p. 5590).

ITEMS IN APPENDIX

7. SOIL-CONSERVATION APPROPRIATIONS. Rep. Gwinn inserted a Richmond Times-Dispatch article opposing the increase in ACP (pp. A3007-8).

Rep. Harrison, Va., inserted a prize-winning essay, "A Good Citizen and Soil Conservation" (pp. A3010-11).

Extension of remarks of Rep. Arends favoring \$140,000,000 for ACP (pp. A3016-17).

8. ELECTRIFICATION. Extension of remarks of Rep. Clardy favoring an increase in interest rates on REA loans (p. A3021).

9. FOREIGN TRADE. Extension of remarks of Rep. Fisher, "The United States Is a Low-

Tariff Nation" (pp. A3021-3).

Rep. Price inserted a letter from the Illinois Agricultural Association favoring trade agreements and a study of foreign economic policy (p. A3026).

10. FARM PRICES. Rep. Judd inserted an article analyzing farm-price trends in relation to other prices (pp. A3027-8).

COMMITTEE HEARING ANNOUNCEMENTS FOR MAY 25; USDA reorganization plan, H. Gov't Operations (Agriculture Committee also to attend) (Benson to testify). Import control to protect price supports, H. Banking and Currency (Gordon, ^{Norton} Short to testify). Transfer of certain reclamation lands in S. Dak. to Forest Service, H. Interior (Grover, FS, to testify).

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 105A.

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83D CONGRESS
1ST SESSION

H. R. 5359

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 1953

Mr. HORE introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE

4 SECTION 1. This Act may be cited as the “Farm Credit
5 Act of 1953”.

6 DECLARATION OF POLICY

7 SEC. 2. It is declared to be the policy of the Congress
8 to encourage and facilitate increased borrower participation

1 in the management, control, and ultimate ownership of the
2 permanent system of agricultural credit made available
3 through institutions operating under the supervision of the
4 Farm Credit Administration, and the provisions of this Act
5 shall be construed in keeping with this policy. The Federal
6 Farm Credit Board hereinafter provided for shall within one
7 year after appointment make recommendations to the Con-
8 gress of means, supplemental to those provided by this Act,
9 of carrying into effect such declared policy, including, but not
10 limited to, means of increasing borrower participation in own-
11 ership of the Federal Farm Credit System to the end that
12 the investment of the United States in the Federal interme-
13 diate credit banks, production credit corporations, Central
14 Bank for Cooperatives, and regional banks for cooperatives
15 may be retired.

16 FARM CREDIT ADMINISTRATION

17 SEC. 3. The Farm Credit Administration shall be in the
18 Department of Agriculture. The Secretary of Agriculture
19 shall report to the President with respect to the operations
20 and functions of the Farm Credit Administration. The Fed-
21 eral Farm Credit Board, hereinafter provided for, shall have
22 direction, supervision, and control of the Farm Credit Ad-
23 ministration and of its operations and functions, as in this
24 Act provided.

FEDERAL FARM CREDIT BOARD

SEC. 4. (a) There shall be established, in the Farm Credit Administration, a Federal Farm Credit Board (hereinafter referred to as the "Board"). Said Board shall consist of thirteen members. Twelve of the members, one from each of the farm credit districts of the United States, shall be known as appointed members and shall be appointed by the President with the advice and consent of the Senate. In making appointments to the Board the President shall have due regard to a fair representation of the public interest, the welfare of all farmers and the various types of cooperative agricultural credit interests; shall give special consideration to persons who are experienced in cooperative agricultural credit; and shall, before making such appointments, receive and consider nominations made as follows: The national farm loan associations in the district shall designate one nominee, the production credit associations in the district shall designate one nominee, and the cooperatives which are stockholders or subscribers to the guaranty fund of the bank for cooperatives of the district shall designate one nominee, in accordance with the procedure prescribed in sections 5 (e) and 5 (f) of the Farm Credit Act of 1937 for the nomination and election of members of a district farm credit board, except that only two persons receiving the

1 highest number of votes shall be included in the list of
2 nominees prepared as a result of the voting under the pro-
3 cedure prescribed in said section 5 (e) : *Provided*, That the
4 names of all those who are tied for second place as a result of
5 said voting shall be included in the list; and in case of a
6 tie in the voting under the procedure prescribed in said sec-
7 tion 5 (f) the procedure prescribed therein shall be fol-
8 lowed again until the tie is broken: *And provided further*,
9 That if the same person would otherwise be on the list of
10 nominees of more than one of said groups as a result of the
11 voting under said section 5 (e) he may choose the one list on
12 which his name shall appear, and otherwise his name shall
13 appear only on the list of the two highest nominees of the
14 group which gave him the highest percentage of its votes.
15 Subsequent appointments shall be made after receiving and
16 considering nominations made in like manner.

17 (b) Each appointed member of said Board shall be a
18 citizen of the United States and shall have been a resident
19 of the farm credit district from which appointed for not
20 less than ten years next preceding his appointment, and the
21 removal of residence from the district during his tenure shall
22 operate as a termination of his membership on said Board.
23 No appointed member of said Board shall be eligible to serve
24 for more than one full term of six years, and, in addition, a
25 term of less than six years if he is one of the first members

1 to be appointed, or is appointed to fill, the unexpired portion
2 of one term expiring before his appointment to a full term.
3 No person shall be eligible for nomination or appointment
4 to membership as an appointed member on said Board if
5 such person has within one year next preceding the com-
6 mencement of the term been a salaried officer or employee of
7 the Farm Credit Administration, or a salaried officer or
8 employee of any corporation operating under the supervision
9 of the Farm Credit Administration. Any person who is a
10 member of the district farm credit board when appointed as
11 a member of the Federal Farm Credit Board shall resign as
12 a member of the district board before assuming his duties as
13 a member of the Federal Farm Credit Board. No person
14 who becomes an appointed member of said Board shall be
15 eligible to continue to serve as a member thereof if such
16 person becomes a member of any district farm credit board,
17 or an officer or employee of the Farm Credit Administration,
18 or an officer or employee of any corporation operating under
19 the supervision of the Farm Credit Administration.

20 (c) The term of office of the appointed members of said
21 Board shall be six years, beginning with the first day of the
22 calendar month in which this Act takes effect, and such
23 members shall serve until their successors are duly appointed
24 and qualified; however, of the first appointed members ap-
25 pointed hereunder, two shall be appointed for a term of one

1 year from said date, two for a term of two years, two for a
2 term of three years, two for a term of four years, two for
3 a term of five years, and two for a term of six years. All
4 vacancies in the offices of appointed members on said Board
5 shall be filled for the unexpired portion of the term upon
6 like nominations and by like appointments as herein provided
7 for the appointment of the first such members of said Board.

8 (d) The thirteenth member of the Board shall be desig-
9 nated by the Secretary of Agriculture, shall serve at the
10 pleasure of the Secretary, and shall be known as the Secre-
11 tary's representative on said Board. He shall be a citizen
12 of the United States and shall have been a resident of the
13 United States for not less than ten years next preceding his
14 designation to membership on said Board. No person shall
15 be eligible to be designated by the Secretary or to serve as
16 the Secretary's representative on said Board, if such person
17 is a member of a district farm credit board, an officer or
18 employee of any corporation operating under the supervision
19 of the Farm Credit Administration. The Secretary's repre-
20 sentative shall not be eligible to serve as chairman, vice
21 chairman, or secretary of the Board, but shall otherwise
22 possess all rights and privileges of membership on said Board.

23 (e) As soon as practicable after the memberships on
24 said Board have been filled as in this Act provided, the
25 members of said Board shall meet, subscribe the oath of

1 office, and organize by electing from the appointed members
2 a chairman and a vice chairman; and said Board shall ap-
3 point a secretary from within or without its membership
4 as it may see fit. The Board shall elect annually for a
5 term of one year the chairman, vice chairman, and secre-
6 tary, who shall serve until their successors are elected and
7 take office. The chairman shall preside at all meetings and
8 the vice chairman shall preside in the absence or disabil-
9 ity of the chairman. The Board may, in the absence of
10 both the chairman and vice chairman, elect any appointed
11 member to act as chairman pro tempore. Seven members
12 shall constitute a quorum of the Board for the transac-
13 tion of business. The Board may function notwithstanding
14 vacancies provided a quorum as herein established shall be
15 present. The Board shall meet at such times and places
16 as it may fix and determine, but shall hold at least four
17 regularly scheduled meetings a year; and special meetings
18 may be held on call of the chairman or any three members
19 of the Board.

20 (f) Each member of the Board shall receive the sum of
21 \$50 for each day or part thereof spent in the performance
22 of his official duties, which compensation, however, shall not
23 be paid for more than seventy-five days (or parts of days)
24 in any calendar year; and shall not be paid to the Secretary's
25 representative if he is a full-time officer or employee of the

1 United States, or such payment is otherwise prohibited by
2 law; and in addition, shall be reimbursed for necessary travel,
3 subsistence, and other expenses incurred in the discharge of
4 his official duties, without regard to other laws with respect
5 to allowances which may be made on account of travel and
6 subsistence expenses of officers and employed personnel of
7 the United States.

8 (g) The Board shall adopt such rules as it may see fit
9 for the transaction of its business, and shall keep permanent
10 and complete records and minutes of its acts and proceedings.

11 GOVERNOR OF FARM CREDIT ADMINISTRATION

12 SEC. 5. (a) The Board shall appoint a Governor of the
13 Farm Credit Administration (hereinafter referred to as the
14 "Governor") who shall serve at the pleasure of the Board,
15 and who shall, subject to the general supervision and direc-
16 tion of the Board as to matters of a broad and general super-
17 visory, advisory, or policy nature, and except as otherwise
18 herein specifically provided, be responsible for the execution
19 of this Act, all Acts amendatory thereof and supplemental
20 thereto, and all Acts creating the powers, functions, and
21 duties of the Farm Credit Administration: *Provided, how-*
22 *ever,* That pending retirement of Government capital in
23 institutions supervised by the Farm Credit Administration,
24 the appointment of the Governor shall be subject to the

1 approval of the President; and during such period the Presi-
2 dent shall have power to require the removal of the Governor.

3 (b) The Board shall fix the compensation of the Gov-
4 ernor: *Provided*, That the salary of the Governor shall not
5 exceed \$15,000 a year, together with necessary traveling
6 and subsistence expenses, or per diem allowance in lieu
7 thereof within the limitations prescribed by law, while away
8 from his official station upon official business.

9 (c) It shall be the duty of the Governor to comply
10 with all orders and directions which he receives from the
11 Board; as to all third persons, all acts of the Governor
12 shall be conclusively presumed to be in compliance with
13 the orders and directions of the Board.

14 (d) The Governor shall appoint such other personnel
15 as may be necessary to carry out the functions, powers, and
16 duties vested in the Farm Credit Administration, subject to
17 the provisions of the Classification Act, as amended. The
18 Farm Credit Administration shall consist of the Board, the
19 Governor, and such other personnel as are employed in
20 carrying out the functions, powers, and duties vested in
21 the Farm Credit Administration. All functions, powers, and
22 duties of the Farm Credit Administration, except those herein
23 conferred upon the Board, shall be exercised and performed

1 by the Governor and may be exercised and performed by
2 him through such officers and employees of the Farm Credit
3 Administration as he shall designate.

4 (e) The term of office of the incumbent of the office
5 of Governor of the Farm Credit Administration appointed
6 before the effective date of this Act and holding office on
7 that date shall terminate on that date and said office shall
8 thereby become vacant: *Provided*, That if as of that date
9 a Governor has not been appointed, and qualified, under this
10 Act, the Secretary of Agriculture shall designate an assistant
11 to the Secretary to serve as Acting Governor of the Farm
12 Credit Administration and such Acting Governor shall exer-
13 cise and perform all functions, powers, and duties vested in
14 the Farm Credit Administration until the appointment and
15 qualification of a Governor as in this Act provided. The
16 Acting Governor shall be subject to the powers of the Board
17 when the Board has been appointed and qualified.

18 RESPONSIBILITIES OF THE BOARD

19 SEC. 6. It shall be the function and duty of the Board
20 (1) to see that the policies fixed by the Board hereunder
21 are carried out; (2) to require such reports as it deems
22 necessary from the Governor and from any of the officials
23 or corporations under the control or supervision of the Farm
24 Credit Administration; (3) to make an annual report to
25 Congress, including therein any recommendations of amend-

1 ments to the laws relative to Federal agricultural credit; and
2 (4) to exercise general direction and supervision over the
3 performance of all functions, powers, and duties vested in
4 the Governor when relating in the judgment of the Board
5 to matters of a broad and general supervisory, advisory, or
6 policy nature. It shall function as a unit without delegating
7 authority to individual members and shall not operate in an
8 administrative capacity; and all administrative powers, func-
9 tions, and duties of the Farm Credit Administration shall be
10 exercised and performed by the Governor.

11 OFFICES ABOLISHED AND FUNDS TRANSFERRED

12 SEC. 7. (a) The offices of the Land Bank Commissioner,
13 Production Credit Commissioner, Cooperative Bank Com-
14 missioner, and Intermediate Credit Commissioner are hereby
15 abolished. The Governor shall designate an officer or em-
16 ployee of the Farm Credit Administration to serve at the
17 pleasure of the Governor as a member of the Board of Direc-
18 tors of the Central Bank for Cooperatives, as chairman of said
19 board of directors, and as executive officer of said bank, in
20 lieu of the Cooperative Bank Commissioner. The Governor
21 shall designate an officer or employee of the Farm Credit
22 Administration to serve at the pleasure of the Governor as
23 a member of the board of directors of the Federal Farm
24 Mortgage Corporation, in lieu of the Land Bank Commis-
25 sioner. The Federal Farm Mortgage Corporation and its

1 functions and activities are hereby transferred to the Farm
2 Credit Administration and shall be administered therein under
3 the general direction and supervision thereof.

4 (b) Employees in the Department of Agriculture who
5 are being utilized on the effective date of this Act primarily
6 for the performance of functions, powers, and duties hereto-
7 fore or by this Act vested in the Farm Credit Administration,
8 shall be transferred to the jurisdiction and control of the
9 Farm Credit Administration in those instances in which the
10 Governor determines that they are qualified and necessary
11 to carry out the functions, powers, and duties of the Farm
12 Credit Administration.

13 (c) All assets, funds, contracts, property, and records
14 used and employed in the execution of the functions, powers,
15 and duties heretofore or by this Act vested in the Farm
16 Credit Administration are hereby transferred to the juris-
17 diction and control of the Farm Credit Administration.

18 (d) So much of the unexpended balances of appropria-
19 tions, allocations, and other funds available or to be made
20 available for salaries, expenses, and all other administrative
21 expenditures as the Director of the Bureau of the Budget
22 shall determine for use in the execution of the functions
23 heretofore or by this Act vested in the Farm Credit Admin-
24 istration, shall be transferred to and vested in the Farm
25 Credit Administration.

1 (e) All unexpended balances of appropriations, alloca-
2 tions, or other funds, other than those mentioned in sub-
3 section (d) of this section, available (including those avail-
4 able for the fiscal year ending June 30, 1953) for the Farm
5 Credit Administration and/or for the Secretary of Agricul-
6 ture on account of the functions and activities of Farm Credit
7 Administration, shall be transferred to the Farm Credit
8 Administration and shall remain available for the exercise of
9 the functions and activities of the Farm Credit Adminis-
10 tration.

11 DELEGATIONS TO DISTRICT INSTITUTIONS

12 SEC. 8. The Farm Credit Administration is authorized
13 and directed, by order or rules and regulations, to delegate
14 to a Federal land bank such of the duties, powers, and
15 authority of the Farm Credit Administration with respect to
16 and over National Farm Loan Associations, their officers
17 and employees, in the farm credit district wherein such Fed-
18 eral land bank is located, as may be determined to be in
19 the interest of effective administration; and, in like manner,
20 to delegate to a production credit corporation such of the
21 duties, powers, and authority of the Farm Credit Adminis-
22 tration with respect to and over production credit associations,
23 their officers and employees, in the farm credit district
24 wherein such production credit corporation is located, as
25 may be determined to be in the interest of effective adminis-

1 tration; and, in either case the duties, powers, and authority
2 so delegated shall be performed and exercised under such
3 conditions and requirements and upon such terms as the
4 Farm Credit Administration may specify. Any Federal land
5 bank or production credit corporation to which any such
6 duties, powers, or authority may be delegated is hereby
7 authorized and empowered to accept, perform, and exercise
8 such duties, powers, and authority as may be so delegated
9 to it.

10 DIVISION OF COOPERATIVE MARKETING TRANSFERRED

11 SEC. 9. There is hereby transferred from the Farm
12 Credit Administration to the jurisdiction and control of the
13 Secretary of Agriculture, the Division of Cooperative Market-
14 ing (by whatever name now called) authorized and created
15 under and by virtue of an Act of Congress of July 2, 1926
16 (Public, Numbered 450, Sixty-ninth Congress), entitled "An
17 Act to create a Division of Cooperative Marketing in the
18 Department of Agriculture; to provide for the acquisition
19 and dissemination of information pertaining to cooperation;
20 to promote the knowledge of cooperative principles and
21 practices; to provide for calling advisers to counsel with
22 the Secretary of Agriculture on cooperative activities; to
23 authorize cooperative associations to acquire, interpret, and
24 disseminate crop and market information, and for other
25 purposes", together with all functions pertaining to the

1 work and services of such Division, its personnel, property
2 (including office equipment), assets, funds, contracts, and
3 records used and employed in the execution of its functions,
4 powers, and duties, and so much of the unexpended balances
5 of appropriations, allocations, and other funds available or
6 to be made available for salaries, expenses, and all other
7 administrative expenditures as the Director of the Bureau of
8 the Budget shall determine, for use in the execution of the
9 functions, powers, and duties of said Division. The functions
10 of said Division shall be assigned to or affiliated with such
11 agency or agencies of the Department of Agriculture as the
12 Secretary may determine.

13 FRANCHISE TAX PROVISIONS

14 SEC. 10. Section 23 of the Federal Farm Loan Act, as
15 amended, is further amended by adding at the end thereof a
16 new paragraph as follows:

17 “Notwithstanding any other provision of this Act, in the
18 case of a Federal land bank having outstanding capital stock
19 held by the United States during the whole or any part of a
20 fiscal year, said bank shall, after complying with the reserve
21 requirements of the preceding paragraphs of this section and
22 before declaring any dividends to shareholders, pay to the
23 United States a franchise tax equal to 25 per centum of its
24 net earnings then remaining, not to exceed, however, a rate
25 of return of such Government capital equal to the average

1 net interest cost of financing direct obligations of the United
2 States during the fiscal year of the United States ending next
3 before such tax is due (such rate to be determined by the
4 Farm Credit Administration upon the basis of data obtain-
5 able from the Secretary of the Treasury).”

6 SEC. 11. Section 6 of the Farm Credit Act of 1933 is
7 amended by adding at the end thereof a new paragraph as
8 follows:

9 “(e) Each production credit corporation shall, at the
10 end of each fiscal year (1) apply its earnings described in
11 subsection (c) of this section in accordance with the pro-
12 visions of subsections (c) and (d) of this section; and (2)
13 apply its earnings from all other sources, first, to the pay-
14 ment of any operating expenses for the year remaining
15 unpaid; second, to restore losses and impairment of capital,
16 if any, of the corporation; third, to the creation and mainte-
17 nance of a surplus equal to 25 per centum of the paid-in
18 capital of the corporation; fourth, to the payment of 25 per
19 centum of its earnings from all sources then remaining to the
20 United States as a franchise tax, and fifth, to the payment
21 of the remaining earnings into its surplus account.”

22 SEC. 12. Section 36 of the Farm Credit Act of 1933 is
23 amended to read as follows:

24 “The Central Bank for Cooperatives shall, at the end of
25 its fiscal year, apply the amount of its earnings in excess of

1 operating expenses during such fiscal year: First, to making
2 up any losses incurred; second, to the restoration of the
3 amount of the impairment, if any, of capital and guaranty
4 fund as determined by the chairman of the board; third,
5 25 per centum of the remainder of such excess of earnings
6 shall be applied to the creation and maintenance of a surplus
7 equal to at least 25 per centum of the amount of the capital
8 and guaranty fund; fourth, if said bank shall have outstanding
9 capital stock held by the United States during the whole or
10 any part of the fiscal year, it shall next pay to the United
11 States as a franchise tax, a sum equal to 25 per centum of
12 its net earnings then remaining, not exceeding, however, a
13 rate of return on such Government capital equal to the aver-
14 age net interest cost of financing direct obligations of the
15 United States during the fiscal year of the United States
16 ending next before such tax is due (such rate to be deter-
17 mined by the Farm Credit Administration upon the basis
18 of data obtainable from the Secretary of the Treasury) ; and
19 fifth, any sums remaining shall be carried into its surplus
20 account or devoted to the payment of dividends, as may be
21 determined by the chairman of the board. Subscribers to the
22 guaranty fund shall be entitled to dividends in the same
23 amounts as the subscribers to the stock. No rate of dividend
24 in excess of 7 per centum per annum shall be paid. Dividends
25 on stock held by the Farm Credit Administration or the

1 Governor thereof, when paid, shall be credited to the revolving
2 fund created under section 6 of the Agricultural Marketing
3 Act, as amended."

4 SEC. 13. Section 42 of the Farm Credit Act of 1933 is
5 amended to read as follows:

6 "The provisions of section 35, as amended, and the provisions
7 of section 36, as amended, shall apply in the case of
8 banks for cooperatives in the same manner and to the same
9 extent as such provisions are applicable to the Central Bank
10 for Cooperatives, except that powers conferred on the Chairman
11 of the Board of the Central Bank for Cooperatives shall
12 be exercised by the boards of directors of the banks for
13 cooperatives, subject to the approval of the Farm Credit
14 Administration."

15 MEMBERSHIP OF DISTRICT FARM CREDIT BOARDS

16 SEC. 14. Section 5 (b) of the Farm Credit Act of
17 1937 is amended to read as follows:

18 "(b) There shall be in each farm credit district a
19 farm credit board which shall be selected as hereinafter
20 specified and shall be composed of seven members. Each
21 farm credit board shall include in its title the name of the
22 city in which the Federal land bank, Federal intermediate
23 credit bank, production credit corporation, and regional
24 bank for cooperatives of the district are located. Three of
25 the seven members of said board shall be known as elected

1 directors, of whom one shall be chosen by national farm
2 loan associations, one shall be chosen by production credit
3 associations of the district, and one shall be chosen by co-
4 operatives which are stockholders or subscribers to the
5 guaranty fund of the regional bank for cooperatives in the
6 district. Subject to the other provisions hereof, three of
7 the seven members shall be known as district directors and
8 shall be appointed by the Governor of the Farm Credit
9 Administration by and with the advice and consent of the
10 Federal Farm Credit Board. The seventh member of such
11 board shall be known as director-at-large and shall be ap-
12 pointed by the Governor of the Farm Credit Administra-
13 tion by and with the advice and consent of the Federal
14 Farm Credit Board. Each farm credit board shall elect
15 from its members a chairman and vice chairman, and shall
16 appoint a secretary from within or without its member-
17 ship as it may see fit. The chairman, vice chairman, and
18 secretary shall each be elected for a term of one year and until
19 their successors are elected and take office and the board
20 shall elect such officers each year. The chairman shall
21 preside at all meetings and the vice chairman shall preside
22 in the absence or disability of the chairman. The board
23 may, in the absence of both the chairman and vice chair-
24 man, elect a member to act as chairman pro tempore.”

25 SEC. 15. Section 5 of the Farm Credit Act of 1937 is

1 amended by striking out the entire text of subdivision (d)
2 thereof and inserting in lieu thereof the following:

3 “(d) (1) The member of the farm credit board of each
4 farm credit district known as the ‘third district director,’ who
5 is in office on the effective date of this Act, shall serve as
6 such until his term of office expires. Thereafter, there shall
7 be no member of the district farm credit board to be known
8 as the ‘third district director’.

9 “(2) Notwithstanding the above provision with respect
10 to the appointment of district directors, one additional mem-
11 ber of said board shall be elected by each of the groups
12 aforesaid (national farm loan associations and borrowers
13 through agencies, production credit associations, and coopera-
14 tives which are stockholders or subscribers to the guaranty
15 fund of the regional bank for cooperatives of the district),
16 and serve in lieu of a district director, under the following
17 circumstances and conditions:

18 “(A) Whenever, as determined by the Farm Credit
19 Administration, the sum of the capital stock held by national
20 farm loan associations, surplus, and reserves of a Federal
21 land bank shall equal or exceed $66\frac{2}{3}$ per centum of the total
22 of the capital stock, surplus, and reserves of such bank as of
23 the date three months before the expiration of the term of
24 office of the district director (or third district director)
25 whose term next expires, the successor to such director shall

1 be elected by the national farm loan associations of the
2 district in the manner herein provided, shall be known as an
3 elected director, and successors to that office shall be so
4 elected and known from term to term while such conditions
5 obtain: *Provided*, That if and when, as determined by the
6 Farm Credit Administration, such conditions do not obtain
7 as of the date three months before the expiration of the term
8 of office of any director so elected under the provisions of
9 this subparagraph, the successor to such director shall be
10 appointed by the Governor of the Farm Credit Administra-
11 tion by and with the advice and consent of the Federal Farm
12 Credit Board, shall be known as a district director, and suc-
13 cessors to that office shall be so appointed and known from
14 term to term for such terms as appointment is not precluded
15 by the election of an additional director by one of the groups
16 aforesaid as herein provided: *And provided further*, That
17 such national farm loan associations shall again and from
18 time to time elect one additional director as aforesaid if and
19 when the required conditions named in this subparagraph
20 shall be determined to obtain as aforesaid.

21 “(B) Whenever, as determined by the Farm Credit
22 Administration, the sum of the capital stock held by persons
23 other than the production credit corporation of the district,
24 surplus, and reserves of the production credit associations
25 (collectively) of a farm credit district shall equal or exceed

1 66 $\frac{2}{3}$ per centum of the total of the capital stock, surplus,
2 and reserves of the production credit associations (collec-
3 tively) of said district as of the date three months before the
4 expiration of the term of office of the district director (or
5 third district director) whose term next expires, the successor
6 to such director shall be elected by the production credit
7 associations of the district in the manner herein provided,
8 shall be known as an elected director, and successors to that
9 office shall be so elected and known from term to term while
10 such conditions obtain: *Provided*, That, if and when, as
11 determined by the Farm Credit Administration, such con-
12 ditions do not obtain as of the date three months before the
13 expiration of the term of office of any director so elected
14 under the provisions of this subparagraph, the successor to
15 such director shall be appointed by the Governor of the
16 Farm Credit Administration by and with the advice and
17 consent of the Federal Farm Credit Board, shall be known
18 as a district director, and successors to that office shall be so
19 appointed and known from term to term for such terms as
20 appointment is not precluded by the election of an addi-
21 tional director by one of the groups aforesaid as herein pro-
22 vided: *And provided further*, That such production credit
23 associations shall again and from time to time elect one ad-
24 ditional director as aforesaid, if and when the required con-

1 ditions named in this subparagraph shall be determined to
2 obtain as aforesaid.

3 “(C) Whenever, as determined by the Farm Credit
4 Administration, the sum of the capital stock and subscriptions
5 to the guaranty fund held by cooperatives which are stock-
6 holders or subscribers to the guaranty fund of a regional bank
7 for cooperatives, surplus and reserves of said bank shall equal
8 or exceed $66\frac{2}{3}$ per centum of the total capital stock, sub-
9 scriptions to the guaranty fund, surplus and reserves of said
10 bank as of the date three months before the expiration of
11 the term of office of the district director (or third district
12 director) whose term next expires, the successor to such
13 director shall be elected by the cooperatives which are stock-
14 holders or subscribers to the guaranty fund of said bank in the
15 manner herein provided, shall be known as an elected
16 director, and successors to that office shall be so elected and
17 known from term to term while such conditions obtain:
18 *Provided*, That if and when, as determined by the Farm
19 Credit Administration, such conditions do not obtain as of
20 the date three months before the expiration of the term of
21 office of any director so elected under the provisions of this
22 subparagraph, the successor to such director shall be ap-
23 pointed by the Governor of the Farm Credit Administration
24 by and with the advice and consent of the Federal Farm

1 Credit Board, shall be known as a district director, and
2 successors to that office shall be so appointed and known from
3 term to term for such terms as appointment is not precluded
4 by the election of an additional director by one of the groups
5 aforesaid as herein provided: *And provided further*, That
6 such cooperatives which are stockholders or subscribers to
7 the guaranty fund of said bank shall again and from time to
8 time elect one additional director as aforesaid if and when
9 the required conditions named in this subparagraph shall be
10 determined to obtain as aforesaid: *Provided*, That at no time
11 and under no conditions shall there be in office less than one
12 or more than two members of said board who are serving
13 by election of any one of the groups aforesaid (national farm
14 loan associations and borrowers through agencies, production
15 credit associations, and cooperatives which are stockholders
16 or subscribers to the guaranty fund of the regional bank for
17 cooperatives of the district) : *And provided further*, That if
18 two or more of said groups shall, under the terms and pro-
19 visions hereof, become qualified to elect an additional director
20 pending the expiration of the term of office of the district
21 director (or third district director) whose term next expires,
22 preference shall be given, first to national farm loan associa-
23 tions and borrowers through agencies, next to production
24 credit associations, and next to cooperatives which are stock-
25 holders or subscribers to the guaranty fund of the regional

1 bank for cooperatives, to elect an additional director as herein
2 provided as the terms of office of district directors, including
3 the third district director if he be still in office, expire.”

4 SEC. 16. (a) Any other provisions of law to the con-
5 trary notwithstanding after the effective date of this Act
6 any production credit association may, with the approval of
7 the President of the Production Credit Corporation and of
8 the Farm Credit Administration, issue nonvoting preferred
9 stock, to be known as class C stock, which may be purchased
10 and held by production credit corporations and by investors:
11 *Provided*, That the issuance of such stock shall be authorized
12 by vote of not less than two-thirds of the outstanding shares
13 of class A stock of the association (other than shares held
14 by the Production Credit Corporation) by the holders thereof
15 in person or by proxy and by vote of not less than two-
16 thirds of the outstanding shares of class B stock of the asso-
17 ciation by the holders thereof in person or by proxy; and
18 for this purpose holders of class A stock (other than the
19 Production Credit Corporation) and holders of class B stock
20 shall be entitled to one vote for each share of stock held
21 by them.

22 (b) Such class C stock of such associations shall be
23 divided into shares of \$5 each. The resolution of the stock-
24 holders authorizing the issuance of class C stock and every
25 certificate of class C stock issued shall state and express the

1 privileges, restrictions, limitations, and qualifications affect-
2 ing said stock, and the total amount of the authorized issue
3 to which it belongs.

4 (c) Such class C stock may (1) be made subject to re-
5 demption in such manner, at such time or times, and at such
6 price or prices; (2) be given such preferences as to net
7 assets upon dissolution of the corporation, whether volun-
8 tary or involuntary; (3) be given the right to receive such
9 cumulative or noncumulative dividends payable quarterly,
10 semiannually, or annually, and payable as a whole or in part
11 before any dividend shall be set apart for or paid on class A
12 and class B stock; and (4) be made subject to such other
13 restrictions, limitations, and qualifications; as shall be stated
14 and expressed in the resolution of the stockholders authoriz-
15 ing the issuance thereof and in the face of the stock certifi-
16 cates.

17 APPROPRIATIONS AND EXPENDITURES

18 SEC. 17. (a) There are authorized to be appropriated
19 such sums as may be necessary or appropriate for administer-
20 ing the provision of this Act: *Provided*, The cost of exami-
21 nation and of administrative supervision of the Farm Credit
22 Administration shall continue to be supported by assessments
23 against institutions supervised by the Farm Credit Adminis-
24 tration as provided in the Department of Agriculture Organic
25 Act of 1944.

1 (b) Farm Credit Administration may, within the limits
2 of funds available therefor and subject to provisions of law
3 generally applicable to government agencies, make necessary
4 expenditures for personnel services and rent at the seat of
5 government and elsewhere; contract stenographic reporting
6 services; purchase and exchange of lawbooks, books of
7 reference, periodicals, newspapers, expenses of attendance at
8 meetings and conferences; purchase, operation, and main-
9 tenance, at the seat of government and elsewhere, of motor-
10 propelled passenger-carrying vehicles and other vehicles;
11 printing and binding; and for such other facilities and services
12 as it may from time to time find necessary for the proper
13 administration of this Act.

14 SEC. 18. This Act shall take effect one hundred and
15 twenty days after the date of its enactment: *Provided, how-*
16 *ever,* That immediately following the enactment of this Act
17 the Farm Credit Administration shall proceed with the
18 designation of nominees as provided in section 4 (a) hereof
19 and the members of the Federal Farm Credit Board shall be
20 appointed or designated sufficiently in advance of the effective
21 date of this Act to enable said Board to prepare to enter
22 upon the discharge of its duties upon the effective date of
23 this Act; and after the effective date of this Act, the com-
24 pensation and expenses of the Board members shall be paid,
25 as provided herein, from the date on which their appoint-

1 ments became effective, out of any funds available for the
2 payment of administrative expenses of the Farm Credit
3 Administration.

4 SEC. 19. All Acts or parts of Acts inconsistent with the
5 provisions of this Act are hereby repealed to the extent of
6 such inconsistency.

7 SEC. 20. (a) If any provision of this Act, or the ap-
8 plication thereof to any person or circumstances, is held
9 invalid, the remainder of the Act, and the application of
10 such provisions to other persons or circumstances, shall not
11 be affected thereby.

12 (b) The right to alter, amend, or repeal this Act is
13 hereby expressly reserved.

A BILL

To increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

By Mr. HOPE

MAY 22, 1953

Referred to the Committee on Agriculture

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

June 25, 1953
June 24, 1953
83rd-1st, No. 115

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HIGHLIGHTS: House committee ordered reported FCA reorganization bill. House passed trip-leasing bill. Senate concurred in House amendment on wheat-for-Pakistan bill. Ready for President. Senate committee ordered reported trade agreements bill.

SENATE

1. WHEAT; FOREIGN AID. Agreed to House amendment to S. 2112, providing for the transfer of 1 million tons of price-supported wheat to Pakistan (p. 7346). This bill will now be sent to the President.
2. WAR POWERS. Passed without amendment H.R. 2557, to extend title 2 of the First War Powers Act (contract authority of the President) through June 30, 1954 (pp. 7347-49). This bill will now be sent to the President.
3. SUBMERGED LANDS. Continued debate on S. 1901, to provide for U.S. jurisdiction over the submerged lands of the outer Continental Shelf, adopting a Hill amendment earmarking revenue from this bill for national defense expenses during the national emergency, and afterwards for educational grants-in-aid (pp. 7347, 7350, 7356-84, 7388-93).
4. FOREIGN TRADE. The Finance Committee ordered reported (but did not actually report) with amendments H.R. 5495, to extend for 1 year the President's authority to enter into reciprocal trade agreements. The "Daily Digest" states: "Major amendments adopted by the committee would (1) delete from the bill that section increasing membership of the Tariff Commission from 6 to 7, (2) provide that in those cases where the law requires submission of a report to the President, the decisions shall be reported to the President, and (3) provide certain modifications to title 3 of the bill dealing with the establishment of a Commission on Foreign Economic Policy." (p. D605)

5. ELECTRIFICATION. Sen. Kefauver spoke on the purposes and contributions of TVA, including its effect on the agricultural program of the Tennessee Valley, and stated that TVA was "the best friend private enterprise ever had" (pp. 7350-56).

HOUSE

6. FCA REORGANIZATION. The Agriculture Committee ordered reported (but did not actually report) H.R. 4353, the FCA reorganization bill. The "Daily Digest" states, "The bill was amended so as to contain most of the revisions proposed by the Department of Agriculture and incorporated in H.R. 5359, a clean bill that was being considered in lieu of H.R. 4353." (p. D606)
7. TRANSPORTATION. Passed as reported H.R. 3203, the trip-leasing bill (pp. 7402-30). The bill would vacate that portion of an ICC order which prohibits motor-vehicle leases of less than 30 days, and would deny to the Commission for the future the power to issue orders which seek to control the duration of such leases. Rejected, 38-136, an amendment by Rep. Hinshaw that would have exempted trucks from ICC regulations on their current trip (as to duration of trip and price) if their preceding haul had been composed of agricultural or other exempt commodities (pp. 7419-29).
8. HOUSING. The Rules Committee reported a resolution providing for the consideration of H.R. 5456, to extend to June 30, 1954, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title 3 of the Servicemen's Readjustment Act of 1944 (pp. 7397, 7441-42).
9. PERSONNEL. Agreed to the Senate amendment to H.R. 4126, to continue employee war-risk hazard and detention benefits until July 1, 1954 (p. 7402). This bill will now be sent to the President.
10. POSTAL RATES. The Post Office and Civil Service Committee ordered reported (but did not actually report) S. 971, to authorize films and related material for educational use to be transmitted through the mails at the rate provided for books (p. D607).
11. ELECTRIFICATION. The Public Works Committee ordered reported (but did not actually report) H.R. 4351, authorizing Niagara River power development by private enterprise (pp. D607-08).
12. ST. LAWRENCE SEAWAY. Rep. Bailey spoke against this project, claiming that it would bring serious harm to . Va. (p. 7400).
13. EXPENDITURES. Rep. Scott urged a cut in Government expenses and support of the president's program to balance the budget (p. 7401).
14. APPROPRIATIONS. Rep. Roosevelt urged that House conferees be appointed on H.R. 4663, first independent offices appropriation bill for 1954, so that action could be completed on this bill (The Senate appointed conferees on May 20) (p. 7401).

ITEMS IN APPENDIX

15. PERSONNEL. Extension of remarks of Sen. Butler on "policy-influencing" positions in the Government, including two newspaper editorials on this subject, one of which states that "in the Dept. of Agriculture alone 20 top posts related to policy are under civil service" (pp. A3971-2).

ber-producing facilities, with testimony favoring the purpose of the proposed legislation, but with certain suggested amendments, from the following witnesses: Kenton T. Cravens, RFC Administrator; Edmund F. Mansure, GSA Administrator; and Ephraim Jacobs, Chief, Legislation and Clearance Section, Antitrust Division, Justice Department. Hearings continue tomorrow.

RECIPROCAL TRADE AGREEMENTS

Committee on Finance: Committee, in executive session, ordered favorably reported with amendments H. R. 5495, to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930. Major amendments adopted by the committee would (1) delete from the bill that section increasing membership of the Tariff Commission from 6 to 7, (2) provide that in those cases where the law requires submission of a report to the President, the decisions shall be reported to the President, and (3) provide certain modifications to title III of the bill dealing with the establishment of a Commission on Foreign Economic Policy.

Committee also favorably reported the nomination of George F. Jameson to be collector of customs at Portland, Oreg.

STATUS OF FORCES TREATY

Committee on Foreign Relations: Committee held hearings on a reservation (proposed by Senator Bricker) to Executive T of the 82d Congress, 2d session, dealing with the status of U. S. forces in NATO countries. Senator Bricker testified in behalf of his reservation, which would provide that U. S. military authority shall have complete jurisdiction over U. S. forces and their dependents in NATO countries, and that the U. S. would

waive jurisdiction over military personnel from NATO countries in the U. S.

Testifying in opposition to adoption of this reservation was Attorney General Herbert Brownell.

Committee recessed subject to call.

SMALL BUSINESS—BATTERY ADDITIVE AD-X2

Select Committee on Small Business: Committee heard further testimony from Dr. A. V. Astin, Director, National Bureau of Standards, who further discussed his Bureau's actions with regard to the lead-acid storage battery additive AD-X2. Dr. Astin was questioned as to any relationship between the National Bureau of Standards and the National Better Business Bureau, and also as to the objectivity of the NBS in handling the case of AD-X2.

The committee also heard testimony from Irwin George Cunningham, Transportation Corps, Department of the Army, and Emerson Blum, of Benicia Arsenal, Stockton, Calif., both of whom testified as to the effectiveness of AD-X2 in prolonging the life of batteries.

Hearings will continue tomorrow with testimony from Dr. Harold Weber, MIT.

INVESTIGATION AND COMMITTEE EXPENDITURES

Committee on Rules and Administration: Committee, in executive session, ordered favorably reported S. Res. 120, extending authority of the Judiciary Committee to examine and review the administration of the Trading With the Enemy Act and the time for reporting the results thereon to January 31, 1954, and S. Res. 121, authorizing additional expenditures of \$10,000 for Committee on Appropriations during 83d Congress.

House of Representatives

Chamber Action

Bills Introduced: 13 public bills, H. R. 5910-5922; 12 private bills, H. R. 5923-5934; and 4 resolutions, H. J. Res. 283 and 284, and H. Res. 302 and 303, were introduced.

Pages 7397, 7442

Bills Reported: Reports were filed as follows:

Disposition of executive papers (H. Rept. 649);

H. Res. 302, providing for the consideration of, and 1 hour of debate on, H. R. 3884, to extend the authority of the Administrator of Veterans' Affairs to establish and continue offices in the Republic of the Philippines (H. Rept. 650);

H. Res. 303, providing for the consideration of, and 1 hour of debate on, H. R. 5456, to extend direct housing loans for 1 year and additional funds therefor (H. Rept. 651);

(Adverse) H. Res. 295, declaring that the House of Representatives does not favor Reorganization Plan No. 6, relating to the Department of Defense (H. Rept. 652); and

H. R. 5667, to amend the National Housing Act and other laws relating to housing (H. Rept. 653).

Pages 7441-7442

War-Risk Benefits: H. R. 4126, to continue the effectiveness of the act of December 2, 1942, as amended, and the act of July 28, 1945, relating to war-risk hazard and detention benefits, until July 1, 1954, was cleared for Presidential action when the House agreed to a Senate amendment thereto.

Page 7402

Trip Leasing: Passed, by a voice vote, H. R. 3203, to amend the Interstate Commerce Act relative to authority of the Commission to regulate the use by motor carriers

of motor vehicles not owned by them, in the furnishing of transportation of property, after rejecting a recommittal motion by a voice vote.

This legislation vacates that portion of the Commission's order which prohibits leases of less than 30 days; also denies to the Commission the power to regulate the amount of the compensation to be paid by a regulated motor carrier for the use of a motor vehicle not owned by such carrier.

Adopted a committee substitute amendment that supplied new text for the bill.

Rejected an amendment that sought to exempt trucks from regulations on their current trip if their preceding haul had been composed of agricultural or other exempt commodities.

H. Res. 272, the rule providing for the consideration of H. R. 3203, was previously adopted. Pages 7402-7430

Aviation: Adopted H. Con. Res. 92, expressing the sense of Congress with respect to important role of women in the development of aviation. Pages 7430-7431

Program for Thursday: Adjourned at 5:34 p. m. until Thursday, June 25, at 11 a. m., when the House will consider H. R. 5728, to authorize the disposal of the Government-owned rubber-producing facilities; and H. R. 5451, making changes in the wheat marketing quota provisions of agricultural laws.

Committee Meetings

FARM CREDIT

Committee on Agriculture: Ordered reported to the House H. R. 4353, the Farm Credit Act of 1953. The bill was amended so as to contain most of the revisions proposed by the Department of Agriculture and incorporated in H. R. 5359, a clean bill that was being considered in lieu of H. R. 4353.

AUSTRIAN WINTER PEAS

Committee on Agriculture: The Hoeven subcommittee questioned John E. Tripp, Chief of Procurement and Sales Division, Grain Branch (PMA), in connection with the sale by the Commodity Credit Corporation of 80,000 tons of Austrian winter peas to 3 west-coast concerns. Alleged favoritism by the CCC officials regarding the sale has been denied by that agency. Subcommittee adjourned subject to call of the Chair.

OFFICER PERSONNEL

Committee on Armed Services: The Arends Personnel Subcommittee resumed its executive study and review of the promotion program of officer personnel in the armed services. Officials of the Department of the Air Force presented their views today, and will return for another executive hearing scheduled for Friday morning.

HOUSING

Committee on Banking and Currency: Ordered reported to the House, with amendments, H. R. 5667, to amend the National Housing Act and other laws relating to housing. Some of the amendments were as follows—to extend, for 1 year, title III of the present act relating to grants-in-aid for community facilities; provide for prior commitment authority under section 213 (regarding cooperative housing) be made available until September 1, 1953; and restricted authority of the Administrator under section 504, to issue regulations with respect to discount rates on mortgages sold by original mortgagees.

SCHOOL CONSTRUCTION

Committee on Education and Labor: The McConnell subcommittee continued with its executive consideration of proposed extensions of Public Laws 815 and 874 of the 81st Congress, relative to school construction assistance in federally affected areas. Recessed on the subject until tomorrow morning.

REORGANIZATION—DEFENSE DEPARTMENT

Committee on Government Operations: Voted (16 to 14) to report H. Res. 295 adversely to the House. The resolution was a measure calling for House disapproval of the President's Reorganization Plan No. 6, relating to the Department of Defense.

REORGANIZATIONS—FOREIGN AID AND INFORMATION

Committee on Government Operations: Dr. Robert L. Johnson, International Information Administrator, testified today as the committee concluded consideration of Reorganization Plans Nos. 7 and 8. Plan No. 7 provides for the reorganization of various foreign-aid functions and agencies, and, if enacted, would result in the establishment of a new agency to be known as the Foreign Operations Administration. Plan No. 8, if it becomes law, provides for the reorganization of foreign information functions, and would establish a new agency to be known as the U. S. Information Services.

NEW MEXICAN PROJECT

Committee on Interior and Insular Affairs: Subcommittee on Irrigation and Reclamation approved for reporting to the full committee H. R. 4153, amended, to extend the benefits of the Reclamation Project Act of 1930 to the Arch Hurley Conservancy District, Tucumcari reclamation project, New Mexico. Witnesses heard in support of the bill were Representatives Dempsey (author of the measure) and Fernandez, both of New Mexico; and Floyd Dominy, Assistant Director, Operation and Maintenance Branch, Bureau of Reclamation. Subcommittee adjourned subject to call of the Chair.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 3, 1953
For actions of July 2, 1953
83rd-1st, No. 122

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HIGHLIGHTS: Senate passed trade agreement bill. Senate committee voted to report International Wheat Agreement. House committee reported FCA reorganization bill. House sent foreign aid bill to conference.

SENATE

1. TRADE AGREEMENTS. Passed with amendments H. R. 5495, to extend for 1 year the President's authority to enter into reciprocal trade agreements (pp. 8104-61). Senate conferees were appointed (p. 8161).

Agreed to the following amendments:

By the committee, to strike out the provision increasing the number of members of the Tariff Commission (p. 8106).

By Sen. Millikin, providing that GATT shall not be affected by enactment of the bill (p. 8106).

By Sen. Millikin, providing that, in cases of a divided vote, the Tariff Commission shall transmit to the President the findings and recommendations of both groups (p. 8107).

By Sen. Cordon, providing as follows: "In any case where the Secretary of Agriculture determines and reports to the President with regard to any article or articles that a condition exists requiring emergency treatment, the President may take immediate action under this section without awaiting the recommendations of the Tariff Commission, such action to continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President." (pp. 8141-6.)

Rejected the following amendments:

By Sen. Malone, to establish a Foreign Trade Authority to be responsible to Congress, etc. (pp. 8147-9).

By Sen. Magnuson, to strengthen the provisions of Sec. 22 of the AAAct regarding import controls on agricultural commodities (pp. 8110-46).

By Sen. Douglas, adding a new title on customs simplification (pp. 8150-7).

By Sen. Kefauver, to extend the trade-agreements authority for 3 years (pp. 8157-60).

2. WHEAT AGREEMENT. The Foreign Relations Committee voted to report the International Wheat Agreement, Executive H (p. D652).

3. APPROPRIATIONS. H. R. 5246, the Labor-HEW appropriation bill, was made the unfinished business (p. 8166).

4. FARM PRICES. Sen. Young deplored the farm-price decline and inserted a U. S. News and World Report article stating that farmers are willing to have crop control in order to get fixed prices (pp. 8100-1). He also inserted a newspaper editorial saying farmers favor continuation of high supports on wheat (pp. 8101-2).

5. MONOPOLIES. Sen. McCarran discussed the possible need for amendments to the anti-trust laws but said Congress should make the determination (pp. 8102-4).

6. PERSONNEL. Sen. Kilgore paid tribute to the late Frank Yates, Assistant Comptroller General (p. 8102).

7. ADJOURNED until Mon., July 6 (p. 8166).

8. FARM LOANS. In reporting S. 1152 (see Digest 120), the committee agreed to an amendment, which was suggested by the Department, to limit the authority for fur-farmer loans to the making of necessary supplementary advances to those already indebted.

In reporting S. 1276 the same day, the committee amended it to make 5% the maximum interest rate on farm-tenant loans instead of a fixed rate. The present rate is 4%.

9. ANIMAL DISEASES. As reported (see Digest 120), S. 2055 authorizes the Department to control and eradicate scrapie and blue tongue in sheep, and also incipient or potentially serious minor outbreaks of diseases of animals, without the necessity of declaring an emergency which must be based on a threat to the livestock industry.

10. LEGISLATIVE PROCEDURE. S. Doc. 55 is a revision of an earlier document, "Enactment of a Law -- Procedure on a Senate Bill." A small supply of this publication is available from the Legislative Reporting Staff.

HOUSE

11. FCA REORGANIZATION. The Agriculture Committee reported with amendment H. R. 4353, the FCA reorganization bill (H. Rept. 701)(p. 8218).

12. FOREIGN AID. House conferees were appointed on H. R. 5710, to extend the Mutual Security Act (p. 8214). Senate conferees were appointed July 1.

13. GRAIN STORAGE; PRICE SUPPORTS. Rep. Curtis, Nebr., claimed farmers are getting considerably less than the support price on wheat because of lack of storage space, and spoke in favor of the Martin-Curtis bills to provide additional storage facilities by granting more rapid tax amortization on such facilities (pp. 8216-7).

14. DROUGHT RELIEF. Received a Grass Roots Cattlemen (Vega, Tex.) petition for drought relief (p. 8219).

FARM CREDIT ACT OF 1953

JULY 2, 1953.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HOPE, from the Committee on Agriculture, submitted the following

R E P O R T

[To accompany H. R. 4353]

The Committee on Agriculture, to whom was referred the bill (H. R. 4353) to increase farmer participation in ownership and control of the Federal farm credit system; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

Page 2, line 9, at the end of section 2, before the period insert the following:

, including, but not limited to, means of increasing borrower participation in ownership of the Federal Farm Credit System to the end that the investment of the United States in the Federal intermediate credit banks, production credit corporations, Central Bank for Cooperatives, and regional banks for cooperatives may be retired

Page 3, lines 1 and 2, delete the words "Senate, upon" and insert the following:

Senate. In making appointments to the Board the President shall have due regard to a fair representation of the public interest, the welfare of all farmers and the various types of cooperative agricultural credit interests; shall give special consideration to persons who are experienced in cooperative agricultural credit; and shall, before making such appointments, receive and consider.

Page 4, lines 1 and 2, delete the words "upon like nominations and in like manner" and insert the following: "after receiving and considering nominations made in like manner".

Page 4, line 12, after the word "appointed" delete the word "for" and insert the words ", or is appointed to fill".

Page 5, line 19, after "(d)" delete the word "The" and insert: "So long as there is Government capital in the system, the"

Page 7, lines 5 through 12, change the colon to a period after the word "Board" and delete all of the proviso through line 12.

Page 8, line 14, after the word "Administration" before the period insert a colon, and add the following:

Provided, however, pending retirement of Government capital in institutions supervised by the Farm Credit Administration, the appointment of the Governor shall be subject to the approval of the President; and during such period the President shall have power to require the removal of the Governor

Page 8, line 17, delete the figure "\$20,000" and insert in lieu thereof "\$17,500".

Page 9, line 17, after the word "vacant" before the period insert a colon, and add the following:

Provided, That if as of that date a Governor has not been appointed, and qualified, under this Act, the Secretary of Agriculture shall designate an assistant to the Secretary to serve as Acting Governor of the Farm Credit Administration and such Acting Governor shall exercise and perform all functions, powers, and duties vested in the Farm Credit Administration until the appointment and qualification of a Governor as in this Act provided. The Acting Governor shall be subject to the powers of the Board when the Board has been appointed and qualified

Page 9, lines 21 and 22, delete the following: "(2) to exercise adequate budgetary control over the Farm Credit Administration", and renumber the following subsections to conform.

Page 13, lines 15 to 17, delete the words "Agricultural Research Administration in the Department of Agriculture, as a bureau of such agency," and insert in lieu thereof the words "jurisdiction and control of the Secretary of Agriculture".

Page 14, lines 14 and 15, after the word "Division" delete the words "in said Department".

Page 18, line 18, after the words "Farm Credit Board." insert the following:

No person shall be eligible hereafter for nomination or appointment to membership as an appointed member on said Board if such person has within one year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operating under the supervision of the Farm Credit Administration.

Page 25, line 22, at the end of subsection (a), before the period insert the following:

: *Provided*, the cost of examinations and of administrative supervision of the Farm Credit Administration shall continue to be supported by assessments against institutions supervised by the Farm Credit Administration as provided in the Department of Agriculture Organic Act of 1944

Page 25, line 24, after the words "available therefor," insert the following: "and subject to the provisions of law generally applicable to Government agencies,".

Page 26, line 10, delete the word "ninety" and insert in lieu thereof "one hundred twenty".

STATEMENT

The purpose of H. R. 4353 is to increase farmer ownership and control of the farm credit system, and to meet the growing credit and capital requirements of the agricultural economy.

Farmers gradually are retiring Government capital invested in their credit system and they desire to assume responsibility for management as fast as they assume ownership. H. R. 4353 erects the superstructure for building progressively a full-fledged farmer's

cooperative credit system operated, with the cooperation of the Federal Government, in accordance with tested farming financing principles.

The mechanization and modernization of agriculture has increased tremendously the amount of capital the farmer must invest in his farm and his farming operations. The farmer's credit requirements, however, are different from other businesses and cannot always be met by commercial credit institutions. Moreover, for a healthy agriculture there must be available to farm operators not only credit that is adequate in amount but also credit that is geared and constantly adjusted to their requirements.

In 1946 several of the large farm organizations—the American Farm Bureau Federation, the National Grange, and the National Council of Farmer Cooperatives—organized the Joint Farm Credit Committee to consider these problems and to propose credit agencies and policies which would be able to serve the growing and changing needs of agriculture.

This committee, after many conferences with farmers, bankers, and with officials of the various Government credit agencies, recommended the measures embodied in H. R. 4353.

Briefly, the bill provides:

1. Specific language spelling out the details of greater farmer ownership and control of credit agencies and laying the groundwork for systematically retiring Government capital.

2. Decentralization of power, by directing that the Farm Credit Administration delegate to the various Federal land banks and the other district credit agencies more duties and authority. The purpose is to move more authority from Washington to places nearer the farmer.

3. Establishment of a 13-member Federal Farm Credit Board with full responsibility for policies of the Farm Credit Administration. Of the 13 members, 12 will be appointed by the President from the farm credit districts. The 13th member will be designated by the Secretary of Agriculture. The farm credit system now is directed by a governor responsible to the Secretary of Agriculture, without a board watching over its policies.

4. Elimination of the offices of the Land Bank Commissioner, Production Credit Commissioner, Cooperative Bank Commissioner, and Intermediate Credit Commissioner. The bill provides that their functions be carried out under the direction of a governor who will be appointed by and serve at the pleasure of the 13-member Board and will be responsible for administration under the Board's general supervision and direction.

5. Retention of a farm credit district board in each district composed of seven members, with greater participation by farmers in the selection of these boards.

6. The transfer of the Division of Cooperative Marketing from the Farm Credit Administration to the direct control of the Secretary of Agriculture.

Agricultural credit has long been a major problem.

Your committee recognizes that the greater proportion of the credit needs of farmers can be supplied by the banking business and other lending institutions of the Nation. However, the special long-term, high volume of credit required is not possible in many instances under

the laws governing the operations of banks. Farmers cannot very well operate under the uncertainty of frequent extensions of ordinary short-term commercial credit. The Congress already has recognized this in its encouragement of a system largely owned and operated by farmers.

However, the present system has grown by piecemeal authorizations under varying urgencies and economic pressures so that now the Farm Credit Administration is a collection of cooperative credit associations, Government corporations, mixed ownership associations, and service agencies operating under general Government supervision.

The National Farm Loan Act of 1916, the Agricultural Credit Act of 1923, the Agricultural Marketing Act of 1929, the Farm Credit Act of 1933, and the Farm Credit Act of 1937 embrace the fundamental authority for the functions of the Farm Credit Administration today.

The present need is for the establishment of an agricultural credit policy, and the machinery to effectuate that policy, that will be able to adjust itself to the changing needs of agriculture, for credit, that will encourage and enable larger farmer participation in and ownership of the farm credit facilities, that will move the administration nearer to the farmer, and will not require constant action, revision, and new authorization from the Congress.

That is the purpose of H. R. 4353.

AMENDMENTS

After the introduction of H. R. 4353, the Bureau of the Budget raised the question of the constitutionality of a provision in section 1 of the bill limiting the authority of the President in selecting the members of the Federal Farm Credit Board. An amendment to section 1 was prepared, accordingly, by the Department of Agriculture along with a number of amendments to other sections of the bill, most of them of a minor nature. These amendments were submitted to the committee of farm representatives which had drafted and sponsored the original bill and were approved by the committee. Several representatives of the farm organizations sponsoring H. R. 4353 appeared and gave specific support to the proposed amendments, most of which were adopted by the committee.

The letter from the Under Secretary of Agriculture setting out the proposed amendments and explaining them in detail, as well as expressing his approval of the bill, is attached hereto and made a part of this report.

MAY 20, 1953.

HON. CLIFFORD R. HOPE,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR MR. HOPE: This is in reply to your request of April 2, 1953, for a report on H. R. 4353, a bill to increase farmer participation in ownership and control of the Federal farm credit system; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions, and for other purposes.

I am enclosing for your information and for the record a copy of the statement on S. 1505 which I made to the Senate Committee on Agriculture and Forestry on May 11, 1953. S. 1505 is substantially similar to H. R. 4353 and I believe that the substance of the statement is equally applicable to both bills.

In that statement it was indicated that there were three principal phases of the proposed legislation which the Department desired to study further. It was pointed out, however, that the Department supported the principles of the proposed legislation and desired to commend the farmers and their organizations for their interest and efforts in developing legislation for the improvement of the farm credit system.

I am pleased to report that as a result of joint conferences between representatives of the sponsors of the bill and their attorney, members of the President's staff, including the Director of the Bureau of the Budget, and of the Department, general agreements have been worked out which remove the questions that existed in the proposed legislation insofar as this Department is concerned. These changes are as follows:

One underlying purpose of the legislation was to provide orderly methods for retirement of the Government capital in the system to the end that all the farm credit agencies would be owned by the farmers and the farmer organizations as soon as practicable. Section 2 of the bill provided that the Board, within 1 year after appointment, would make recommendations to the Congress supplemental to those provided for by the bill for carrying the stated purposes of the law into effect. Those purposes included increased farmer ownership. The bill, however, was indefinite as to when positive recommendations would be made to accomplish these purposes.

To make the bill more definite in this regard, it is recommended that section 2 be amended to provide that recommendations regarding the retirement of the Government capital in the Federal intermediate credit banks, the production credit corporations, and the Central Bank for Cooperatives and regional banks for cooperatives, will be submitted to the Congress within 1 year after appointment of the Federal Farm Credit Board. Amendment No. 1 on the attached list would make this change in the bill.

Section 4 of the bill provides for a Federal Farm Credit Board consisting of 13 members. One member would be appointed from each farm credit district in the United States by the President, with the advice and consent of the Senate. The appointment would be made from a list of three nominees from each district selected, one each by the national farm loan associations, production credit associations, and the farmers' cooperatives which are stockholders or subscribers to the guaranty fund of the banks for cooperatives.

The term of office of the appointed members would be 6 years. For the first group appointed 2 would serve for 1 year, 2 for 2 years, 2 for 3 years, 2 for 4 years, 2 for 5 years, and 2 for 6 years. In this way the terms of office would be staggered so that thereafter the terms of two directors would expire each year.

The 13th member of the Board, known as the Secretary's representative, would be designated by the Secretary of Agriculture to serve at his pleasure.

This arrangement would limit the authority of the President to selection of the 12 Board members from the lists of nominees chosen in each district by the associations and the borrowers from the banks for cooperatives.

There is a considerable body of opinion to the effect that restriction of the President's discretion to appointments only from lists made up by outside agencies is an improper limitation on the constitutional responsibility for the appointment of executive officials. To avoid the constitutional question thus raised, it is recommended that section 4 be amended to provide that the President in making appointments to the Board " * * * shall have due regard to a fair representation of the public interest, the welfare of all farmers and the various types of cooperative agricultural credit interests; shall give special consideration to persons who are experienced in cooperative agricultural credit; * * *."

The amendment provides further that in making these appointments the President shall "receive and consider" the nominations made from each district by the production credit associations, the national farm-loan associations, and the stockholders or subscribers to the guaranty fund of the banks for cooperatives, as the bill provides. Amendment No. 2 on the list of proposed amendments attached is designed to make the necessary changes in the bill to meet these points.

Another question noted in my preliminary statement was in regard to the method of appointing the Governor, who would be the chief executive officer of the Federal Farm Credit Board.

The Federal Farm Credit Board although in the Department of Agriculture would not be subject to the general authority of the Secretary. The Secretary's authority would be limited to reporting to the President about matters affecting the Board and to the influence which his representative as a member of the Board

could bring to bear by participation in the policymaking questions that came before the Board. Except for these two functions the Federal Farm Credit Board would be an autonomous agency.

In these circumstances, it was felt that the provisions of section 5, authorizing the Board to appoint the Governor of the Farm Credit Administration, who would be its chief executive officer, to serve at the pleasure of the Board, did not provide a reasonably sufficient basis for the exercise of the President's responsibility in safeguarding the public funds in the Federal farm credit system.

Those funds, as noted in my opening statement, exceed the investment of the farmers, notwithstanding the fact that the Federal land banks through the national farm-loan associations, and about half of the production credit associations, are wholly farmer owned. As of December 31, 1952, the capital stock owned by the Government in all of the farm credit institutions, considered collectively, was \$281,595,000, whereas the capital stock owned by the farmers was \$178,163,507.

The President feels very keenly his responsibility for safeguarding the use of all Government moneys appropriated by the Congress. For that reason, so long as Government capital remains in the farm credit system, it seems appropriate that the President should have the final approval of appointment of the chief executive officer of the farm credit system, and also should have the right to require the removal of this officer should it be advisable in the public interest.

Accordingly, it is recommended that section 5 of the bill be amended to provide that pending the retirement of the Government capital in the system the President shall have the right to approve the appointment of the Governor of the Farm Credit Administration and shall have the right to require his removal. The amendment to section 5 (amendment No. 3 on the list attached) makes the necessary changes in the bill.

Section 5 (b) of the bill provided that the salary of the Governor should not exceed \$20,000 a year. This would authorize a much higher salary than those provided for other responsible positions in the Government of comparable importance. For example, the authorized salary of the President of the Commodity Credit Corporation is \$14,800 a year; for the Administrator of the Rural Electrification Administration, \$15,000 a year; for the General Manager of the Tennessee Valley Authority, \$14,500 a year. In these circumstances, an amendment (No. 4 on the attached list) is submitted to section 5 (b) which provides that the salary of the Governor of the Farm Credit Administration shall not exceed \$15,000.

As indicated in my statement, there were certain matters of lesser importance where it was felt that clarification or changes were desirable. These changes, for which suggested amendments are submitted with this letter, are as follows:

Amendment No. 5 on attached list

Change section 5 (d) to make clear that the personnel of the Farm Credit Administration appointed by the Governor will be appointed subject to the Classification Act, as amended.

Amendment No. 6 on attached list

Section 6 of the bill has been clarified to make it definite that the wholly Government-owned corporations, the Federal Farm Credit Board and its staff (the Washington office) will continue to be subject to the Government Corporation Control Act and the Budget and Accounting Act.

Amendment No. 7 on attached list

Section 9 of the bill provided that the Cooperative Research and Service Division of Farm Credit Administration, authorized under act of July 2, 1926 (Public 450, 69th Cong.), would be transferred from the Farm Credit Administration to the Agricultural Research Administration. The Department is not yet certain whether the Cooperative Research and Service Division should be made a part of the Agricultural Research Administration or should be placed elsewhere in the Department. Amendment No. 7 would give the Secretary discretion in the matter of reassigning the functions of this Cooperative Research and Service Division.

Amendment No. 8 on attached list

The lending and supervisory units of the farm credit system are not supported by congressional appropriations. The expenses of operating the farm credit system, provisions for losses and reserves and for building reasonable surplus accounts are taken care of out of the operating income of the banks and associa-

tions. The securities which the institutions sell to the investing public are not guaranteed by the Government either as to principal or interest. The contribution of the Government to the operation of those agencies is represented by the Government capital invested in the system.

It was the intent of the drafters of the bill that the expenses of maintaining the Federal Farm Credit Board (the Washington office of Farm Credit Administration) would continue to be paid by assessments against the district institutions. Section 17 (a) of the bill, which provides for appropriations, has been amended to make that point clear.

Amendment No. 9 on attached list

The provisions of section 17 (b) have been changed to provide that the provisions of law generally applicable to Government agencies will apply to the Federal Farm Credit Board and its personnel, the Washington office of Farm Credit Administration.

Amendments (a) to (d), inclusive, on the attached list are technical amendments of a perfunctory nature suggested by legal counsel.

With these amendments, the Department is pleased to recommend enactment of the proposed legislation.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Under Secretary.*

PROPOSED AMENDMENTS TO PROPOSED FARM CREDIT ACT OF 1953 (H. R. 4353)

SUBSTANTIVE AMENDMENTS

1. Section 2, page 2, line 9, change the period to a comma and add the following: "including, but not limited to, means of increasing borrower participation in ownership of the Federal farm credit system to the end that the investment of the United States in the Federal intermediate credit banks, production credit corporations, Central Bank for Cooperatives, and regional banks for cooperatives may be retired."

2. Section 4 (a), page 3, line 1, after the word "Senate" delete the comma and insert a period; in line 2 delete the word "upon" and insert the following: "In making appointments to the Board the President shall have due regard to a fair representation of the public interest, the welfare of all farmers and the various types of cooperative agricultural credit interests; shall give special consideration to persons who are experienced in cooperative agricultural credit; and shall, before making such appointments, receive and consider".

In the same section, page 4, lines 1 and 2, delete "upon like nominations and in like manner" and insert in lieu thereof the following: "after receiving and considering nominations made in like manner."

3. Section 5 (a), page 8, line 14, add the following sentence: "Provided, however, pending retirement of Government capital in institutions supervised by the Farm Credit Administration, the appointment of the Governor shall be subject to the approval of the President; and during such period the President shall have power to require the removal of the Governor."

4. Section 5 (b), page 8, line 17, delete the figures "\$20,000" and insert in lieu thereof "\$15,000".

5. Section 5 (d), page 9, line 3, after the word "Administration" change the period to a comma and insert the following: "subject to the provisions of the Classification Act as amended".

6. Section 6, page 9, lines 21 and 22, delete the following: "(2) to exercise adequate budgetary control over the Farm Credit Administration" and renumber items (3), (4), and (5) in said section to (2), (3), and (4), respectively.

7. Section 9, page 13, lines 15, 16, and 17, delete "Agricultural Research Administration in the Department of Agriculture, as a bureau of such agency" and insert in lieu thereof "jurisdiction and control of the Secretary of Agriculture".

In the same section, page 14, lines 14 and 15, delete "in said Department", insert a period following the word "Division", and add the following: "The functions of said Division shall be assigned to or affiliated with such agency or agencies of the Department of Agriculture as the Secretary may determine."

8. Section 17 (a), page 25, line 22, change the period to a comma and add the following: "provided, the cost of examinations and of administrative supervision of the Farm Credit Administration shall continue to be supported by assessments

against institutions supervised by the Farm Credit Administration as provided in the Department of Agriculture Organic Act of 1944."

9. Section 17 (b), page 25, line 24, insert after the comma following the word "therefor" the following: "and subject to provisions of law generally applicable to Government agencies,".

PERFECTING AMENDMENTS

(a) Section 4 (b), page 4, line 12, insert following the word "appointed" a comma, strike the word "for" and insert in lieu thereof the following: "or is appointed to fill".

(b) Section 4 (e), page 7, line 5, change the colon to a period; lines 5-12, inclusive, delete the proviso beginning in line 5 and ending in line 12.

(c) Section 5 (e), page 9, line 17, strike the period and insert in lieu thereof a colon and add the following: "Provided. That if as of that date a Governor has not been appointed, and qualified, under this Act, the Secretary of Agriculture shall designate an assistant to the Secretary to serve as Acting Governor of the Farm Credit Administration and such Acting Governor shall exercise and perform all functions, powers, and duties vested in the Farm Credit Administration until the appointment and qualification of a Governor as in this Act provided. The Acting Governor shall be subject to the powers of the Board when the Board has been appointed and qualified."

(d) Section 18, page 26, line 10, delete the word "ninety" and insert in lieu thereof "one hundred twenty".

ANALYSIS OF THE BILL

Section 1.

Short citation is "Farm Credit Act of 1953."

Section 2.

States the policy of Congress to be "to encourage and facilitate increased borrower participation in the management, control, and ultimate ownership of the permanent system of agricultural credit" made available through farm credit institutions; requires that act "be construed in keeping with this policy"; and requires that, within 1 year after its appointment, the Federal Farm Credit Board shall recommend additional means for carrying out the declared policy, including, but not limited to, increasing borrower participation in ownership of the system to the end that the investment of the United States in the institutions of the system may be retired. The latter requirement is added by the committee amendment. There is no comparable declaration of policy in existing law.

Section 3.

Continues FCA in the Department of Agriculture; provides that Secretary shall report to the President with respect to operations and functions of FCA, but states that the "Federal Farm Credit Board, hereinafter provided for, shall have direction, supervision, and control" of the FCA, its operations and functions, as provided in "this Act." Under Reorganization Plan No. 1, section 401, effective July 1, 1939 (5 U. S. C. 133t, note), the FCA is now in the Department of Agriculture and under the general supervision and control of the Secretary.

Section 4 (a)

This section establishes in the FCA a new Federal Farm Credit Board of 13 members; 12 members appointed by the President with the advice and consent of the Senate and 1 member designated by the Secretary of Agriculture. In making appointments to the Board, the President is required to give due regard to a fair representation of the public interest, the welfare of all farmers, and the various types of

cooperative agricultural credit interests, give special consideration to persons who are experienced in cooperative credit, and, before making his appointments, shall receive and consider nominations submitted, respectively, by (1) the national farm loan associations, (2) the production credit associations, and (3) the cooperatives which are stockholders of or subscribers to the guaranty fund of the banks for cooperatives, in each of the 12 farm-credit districts. The 3 nominees from each farm-credit district would be chosen by each class of institutions in substantially the same manner in which they elect members of the district farm-credit boards. "The amendment made by the committee provides that the President shall "receive and consider" nominations made as provided in the subsection, rather than requiring him to act only upon such nominations." There is no comparable provision in existing law. ✓

Section 4 (b)

Appointed Board members must be citizens of the United States; residents of the farm-credit district from which appointed for not less than 10 years before appointment; and must have had no salaried position with the FCA or any corporation operating under the supervision of the FCA for at least 1 year prior to appointment. Removal of residence from the district during the term would terminate membership. No member can serve more than one 6-year term plus one term of less than 6 years if he is one of the first members to be appointed, or he was appointed to fill the unexpired portion of one term expiring before his appointment to a full term. Members of district farm-credit boards are eligible for appointment, but must resign from the district post if appointed. Any appointed Board member must resign from the Board if he becomes a district director, or connected with the FCA or any corporation operating under its supervision.

Section 4 (c)

The terms of appointed Board members are 6 years; but pairs of members of the initial Board would serve staggered terms of 1, 2, 3, 4, 5, and 6 years, respectively. All vacancies in such offices are to be filled for the unexpired term in the same manner as original appointments.

Section 4 (d)

The 13th member of the Board shall be designated by the Secretary, serve at his pleasure, and be known as his representative. He must be a citizen of the United States and a resident thereof for at least 10 years preceding his designation, not a member of a district farm credit board, and not connected with any corporation supervised by the FCA. The Secretary's representative cannot be chairman, vice chairman, or secretary of the Board, but shall otherwise possess all rights and privileges of membership.

Section 4 (e)

This section covers details of Board organization. Provision is made for initial, and thereafter annual, election of a chairman, vice chairman, and secretary. The secretary may or may not be a Board member. The chairman, or vice chairman in the former's absence or disability, is to preside at meetings. If both are unavailable, the Board may elect a chairman pro tempore. A quorum is seven mem-

bers. A quorum of the Board may function even though there are vacancies. The Board may fix the time and place of meetings, shall hold at least 4 regular meetings, and may hold special meetings on call of the chairman or any 3 members. The substance of the language stricken from this section has been included in the committee amendment to section 5 (e).

Section 4 (f)

Compensation of Board members is \$50 per day or part thereof (not to exceed 75 days or parts thereof per year) spent in performance of official duties, plus actual (as opposed to usual governmental) travel, subsistence, and other expenses. The Secretary's representative may not receive salary, if full-time employee of the United States, or if payment is otherwise prohibited by law.

Section 4 (g)

The Board shall adopt rules of conduct of its business and shall keep permanent and complete records and minutes of its acts and proceedings.

Section 5 (a)

The Board is empowered to appoint a Governor, who shall serve at its pleasure, and be responsible for the execution of the Farm Credit Act of 1953 and all acts creating the powers, functions, and duties of the FCA, subject to the general supervision and direction of the Board as to matters of a broad and general supervisory, advisory, or policy nature, and except as otherwise provided in the act. Pending retirement of Government capital in institutions supervised by the FCA the appointment of the Governor is made subject to the approval of the President; and during such period the President is given power to require removal of the Governor. At present the Governor of the FCA is appointed by the President, by and with the advice and consent of the Senate, for a term of 6 years (12 U. S. C. 1141a).

Section 5 (b)

The Board is authorized to fix the salary of the Governor subject to \$17,500 a year limit. The Governor is to receive travel expenses or per diem in lieu thereof "within the limitations prescribed by law."

Section 5 (c)

It is the duty of the Governor to comply with all orders and directions which he receives from the Board; as to third persons, the Governor's acts are conclusively presumed to be in compliance with the Board's orders and directions.

Section 5 (d)

The Governor shall appoint personnel necessary to carry out the functions of FCA.

Section 5 (e)

Terminates the present Governor's term and declares that office vacant as of the effective date of the act. Proviso states that if as of that date a Governor has not been appointed and qualified under "this act," the Secretary of Agriculture shall designate an assistant to the Secretary to serve as Acting Governor of the FCA until the new Governor is appointed. The Acting Governor is made subject to the

power of the Board when the Board has been appointed and qualified. The committee amendment is the substance of the language stricken from section 4 (e).

Section 6

Vests in the Board the function and duty: (1) to see that the policies fixed by the Board are carried out, (2) to require such reports as it deems necessary from the Governor and from any of the officers or corporations under the control or supervision of the FCA, (3) to make an annual report to Congress including legislative recommendations, and (4) to exercise general direction and supervision over the performance of all functions, powers, and duties vested in the Governor when relating in the judgment of the Board to matters of a broad and general supervisory, advisory, or policy nature. The Board may not operate except as a unit and "shall not operate in an administrative capacity"; all administrative powers, functions, and duties shall be exercised and performed by the Governor.

Section 7 (a)

Abolishes the offices of the four commissioners in the FCA and transfers the Federal Farm Mortgage Corporation and all its functions and activities to the FCA to be administered therein under the general direction and supervision thereof. The Governor may designate an officer or employee of the FCA to serve as a member of the board of directors of the Central Bank for Cooperatives, as chairman of the Board, and as executive officer of the bank, in lieu of Cooperative Bank Commissioner. The Governor may also designate an officer or employee of the FCA to serve as a member of the board of directors of the Federal Farm Mortgage Corporation, in lieu of Land Bank Commissioner. At the present time there are four commissioners in the FCA (the Land Bank Commissioner, Production Credit Commissioner, Cooperative Bank Commissioner, and Intermediate Credit Commissioner), all appointed by the President with the advice and consent of the Senate (12 U. S. C. 638). The Federal Farm Mortgage Corporation is in the Department of Agriculture and is operated under the general direction and supervision of the Secretary pursuant to Reorganization Plan No. 1, effective July 1, 1939, *supra*. The Land Bank Commissioner is one of the directors of the Federal Farm Mortgage Corporation (12 U. S. C. 1020). The Cooperative Bank Commissioner is a member of the board of directors of the Central Bank for Cooperatives, is chairman of the Board, and is the executive officer of the bank (12 U. S. C. 1134g, 1134h).

Section 7 (b)

Employees in the Department of Agriculture who are being utilized primarily for the performance of FCA functions are transferred to the "jurisdiction and control" of the FCA in those instances in which the Governor determines that they are qualified and necessary to carry out the activities of the FCA.

Section 7 (c)

Transfers to the FCA all assets, funds, contracts, property, and records used in the performance of FCA functions.

Section 7 (d)

Transfers to the FCA so much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and all other administrative expenditures as the Director of the Bureau of the Budget shall determine.

Section 7 (e)

Transfers to the FCA all unexpended balances of appropriations, allocations, or other funds available (including available funds for the fiscal year ending June 30, 1953) other than those mentioned in the preceding item and available to the FCA or the Secretary, or both, on account of the functions and activities of the FCA.

Section 8

Authorizes and directs the FCA to delegate supervisory functions to the land banks with respect to national farm loan associations, and to production credit corporations with respect to production credit associations; and authorizes the Federal land banks and the production credit corporations to accept such delegations and perform and exercise the delegated duties. The duties, powers, and authority which may be delegated are such as may be determined in the "interest of effective administration." There is no comparable provision in existing law but some supervisory functions have been delegated by FCA to Federal land banks and production credit corporations within the limits of existing law and pursuant to standards established by FCA.

Section 9

The Cooperative Research and Service Division of the FCA, its functions, personnel, property, and unexpended funds as determined by the Director of the Bureau of the Budget, is transferred to the jurisdiction and control of the Secretary of Agriculture.

Section 10

Imposes a franchise tax equal to (a) 25 percent of net earnings after certain authorized deductions, or (b) a rate of return on Government capital in the institution equal to the average net interest cost of financing direct obligations of the United States during the governmental fiscal year next preceding the applicable tax year, whichever is the lesser, on any Federal land bank having outstanding capital stock held by the United States.

Section 11

Imposes a franchise tax on production credit corporations equal to 25 percent of net earnings, after certain authorized deductions from gross income.

Sections 12 and 13

Impose a franchise tax equal to (a) 25 percent of net earnings after certain authorized deductions, or (b) a rate of return on Government capital in the institution equal to the average net interest cost of financing direct obligations of the United States during the governmental fiscal year next preceding the applicable tax year, whichever is the lesser, on any of the 13 banks for cooperatives having outstanding capital stock held by the United States during the whole or any part of a fiscal year.

Sections 14 and 15

These sections change the method of selecting the seven member of each district farm credit board. The 3 elected directors on each board would continue to be chosen as heretofore; the director at large would be appointed by the Governor with the advice and consent of the Federal Farm Credit Board; and the 3 district directors would be appointed in like manner unless such district directors are subject to being replaced by additional elected directors under the terms of the bill. These terms are: When in a district the sum of the capital investments held by private persons, surplus and reserves of the Federal land bank, production credit associations (collectively) in the district, or the regional bank for cooperatives, respectively, is equal to or exceeds 66⅔ percent of the total capital investment, surplus, and reserves of such institutions, respectively, then in the case of the Federal land bank, the national farm loan associations shall elect 1 additional director; in the case of the production credit associations, they shall elect 1 additional director; and in the case of the regional bank for cooperatives, the stockholders and subscribers to the guaranty fund of such bank shall elect 1 additional director.

The prescribed capital stock situation must exist at least 3 months prior to the expiration of an appointed director's term in order to bring into play these election provisions, and if the prescribed proportion does not continue to obtain as of a date 3 months before the expiration of the term of such an elected director, then his successor is to be an appointed district director. If more than 1 group become qualified to elect a director and only 1 district director's term is expiring, preference in electing a director is given to the national farm loan associations, production credit associations, and holders of capital investments in the regional bank for cooperatives, in that order. The committee amendment adds the same restriction against appointment of salaried officers or employees of FCA as is contained in the section providing for the appointment of the Federal Farm Credit Board (sec. 4) but makes the provision inapplicable to the present terms of existing Board members.

Section 16 (a), (b), and (c)

Authorizes each production credit association, with the approval of the president of the production credit corporation of its district and of the FCA, to issue a third-class stock known as class C preferred which could be purchased by production credit corporations or any investor. Such stock could not be issued by an association unless two-thirds of the combined total of the outstanding shares of class A stock (other than shares held by a production credit corporation) and class B stock are voted (on the basis of one vote per share in person or by proxy) to authorize the issuance of such stock. Such stock is to be divided into shares of \$5 each, and each certificate shall state the provisions, restrictions, limitations, and qualifications affecting such stock. The resolution of the stockholders authorizing the issuance of the stock may cover such subjects as manner of redemption, preferences, dividend rights, limitations, restrictions, and qualifications.

No comparable provision in existing law. At present each production credit association has two classes of capital stock: Class A (non-

voting) and class B (voting) stock. Class A stock may be owned by farmers and other investors and by the Government through the production credit corporations. Class B stock may be owned only by farmers who are eligible to borrow from the associations. Class A is preferred as to assets in case of liquidation, but both class A and class B stocks share proportionately in dividends (12 U. S. C. 1131e).

Section 17 (a) and (b)

Authorizes appropriations to carry out the act, subject to the proviso that the cost of examination and administrative supervision of the FCA shall continue to be supported by assessments against institutions supervised by the FCA as provided in the Department of Agriculture Organic Act of 1944. Authorizes the expenditure of funds, subject to available appropriations and subject to provisions of law generally applicable to Government agencies, for certain specified services and property, including those usually covered by specific authorization in appropriation bills. With the exception of a direct appropriation from the Treasury each year for the operation of the Cooperative Research and Service Division (which by these bills would be taken out of the FCA) all the funds authorized by the Congress to be expended by the FCA are obtained from assessments against FCA institutions supervised by the FCA (12 U. S. C. 832).

Section 18

Provides that the act shall become effective 120 days after the date of its enactment but requires immediate action by the present FCA to hold the elections necessary to choose nominees for positions on the Board and permits earlier appointment of the Board members so that they may be prepared to function on the effective date of the act.

Section 19

Repeals all acts or parts of acts inconsistent with the provisions of the bill to the extent of any such inconsistency.

Section 20 (a) and (b)

Provides that the invalidity of any part of the act shall not affect the remainder of the act; and reserves the right to alter, amend, or repeal.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is in italics; existing law in which no change is proposed is shown in roman):

ACT OF JULY 17, 1916

AN ACT To provide capital for agricultural development, to create standard forms of investment based upon farm mortgage, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to create Government depositaries and financial agents for the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be "The Federal Farm Loan Act." Its administration shall be under the direction and control of the Federal Farm Loan Board hereinafter created.

* * * * *

RESERVES AND DIVIDENDS OF LAND BANKS

SEC. 23. Every Federal land bank shall semiannually carry to reserve account a sum not less than 50 per centum of its net earnings until said reserve account shall show a credit balance equal to the outstanding capital stock of said land bank. After said reserve is equal to the outstanding capital stock 10 per centum of the net earnings shall be added thereto semiannually. Whenever said reserve shall have been impaired it shall be fully restored before any dividends are paid. Every joint stock land bank shall semiannually carry to reserve account 25 per centum of its net earnings until said reserve account shall show a credit balance equal to 20 per centum of the outstanding capital stock of said land bank. After said reserve has reached the sum of 20 per centum of the outstanding capital stock, 5 per centum of the net earnings shall be annually added thereto. Whenever said reserve shall have been impaired, said balance of 20 per centum shall be fully restored before any dividends are paid. For the period of two years from the date when any default occurs in the payment to any land bank of the interest, amortization installments, or principal on any first mortgage, by both mortgagor and indorser, the amount so defaulted shall be carried to a suspense account, and at the end of the two-year period specified, unless collected, shall be debited to reserve account.

After deducting the 50 per centum or the 10 per centum directed to be deducted for credit to reserve account by section 901 of this title, any Federal land bank may declare a dividend or dividends to shareholders of the whole or any part of the balance of its net earnings, but only with the approval of the Farm Credit Administration. After deducting the 25 per centum or the 5 per centum directed to be deducted for credit to reserve account by section 901 of this title, any joint stock land bank may declare a dividend to shareholders of the whole or any part of the balance of its net earnings: *Provided*, That any dividend or dividends declared by any joint stock land bank shall be subject to the approval of the Farm Credit Administration. The reserves of land banks shall be invested in accordance with rules and regulations to be prescribed by the Farm Credit Administration.

Notwithstanding any other provision of this Act, in the case of a Federal land bank having outstanding capital stock held by the United States during the whole or any part of a fiscal year, said bank shall, after complying with the reserve requirements of the preceding paragraphs of this section and before declaring any dividends to shareholders, pay to the United States a franchise tax equal to 25 per centum of its net earnings then remaining, not to exceed, however, a rate of return of such Government capital equal to the average net interest cost of financing direct obligations of the United States during the fiscal year of the United States ending next before such tax is due (such rate to be determined by the Farm Credit Administration upon the basis of data obtainable from the Secretary of the Treasury).

ACT OF JUNE 16, 1933

AN ACT To provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SECTION 1. This Act shall be known as the "Farm Credit Act of 1933."

* * * * *

STOCK OWNERSHIP OF PRODUCTION CREDIT CORPORATIONS IN PRODUCTION CREDIT ASSOCIATIONS

SEC. 6. (a) Each Production Credit Corporation shall have power to invest its funds in stock of production credit associations as provided in this section. Such corporation is authorized to subscribe and pay for class A stock in each Production Credit Association located in the district served by such corporation in amounts sufficient to maintain the amount of class A stock held by it and other holders of class A stock equal, as nearly as may be, to 20 per centum of the volume of loans made or to be made by such association, as estimated by the corporation, but at no time shall the amount of class A stock outstanding be less than \$5,000 except with the consent of the association. Notwithstanding the provisions of the preceding sentence, (1) the governor, under rules and regulations prescribed by him, may

permit a Production Credit Corporation to maintain the class A holdings of stock by the corporation and other investors at such amount, in excess of 20 per centum of such loans, as may be necessary, and (2) the corporation may at any time require the association to retire and cancel stock held by the corporation, the association has resources available therefor.

(b) Under such rules and regulations as may be prescribed by the governor and subject to such restrictions and limitations as he may prescribe, each Production Credit Corporation is authorized to subscribe and pay for stock in production credit associations not organized under this Act if such associations are controlled by cooperative associations as defined in section 55. Only stock which is preferred as to assets on liquidation and is entitled to participate in dividend distributions without discrimination may be subscribed for. The amount of the stock subscribed for by any Production Credit Corporation in any such association shall not at any one time exceed 75 per centum of the total paid-in capital of such association.

(c) The amount of the excess of earnings on stock held by the corporation above amounts necessary to pay operating expenses and restore losses and impairment of capital, if any, of the corporation shall be devoted to the creation and maintenance of a surplus equal to at least 25 per centum of the paid-in capital of the corporation. The amount of the surplus shall be invested as the governor shall prescribe in direct obligations of the United States or in class A stock of Production Credit Associations, or both.

(d) The amount of such excess of earnings not required in order to comply with the provisions of subsection (c) shall be paid into the revolving fund heretofore authorized. Stock held by the governor in the Production Credit Corporation shall be retired upon such payment in an amount equal to the amount of such payment.

(e) *Each production credit corporation shall, at the end of each fiscal year (1) apply its earnings described in subsection (c) of this section in accordance with the provisions of subsections (c) and (d) of this section; and (2) apply its earnings from all other sources, first, to the payment of any operating expenses for the year remaining unpaid; second, to restore losses and impairment of capital, if any, of the corporation; third, to the creation and maintenance of a surplus equal to 25 per centum of the paid-in capital of the corporation; fourth, to the payment of 25 per centum of its earnings from all sources then remaining to the United States as a franchise tax, and fifth, to the payment of the remaining earnings into its surplus account.*

* * * * *

EARNINGS AND RESERVES OF CENTRAL BANK

SEC. 36. [The Central Bank for Cooperatives shall, at the end of its fiscal year, apply the amount of its earnings in excess of operating expenses during such fiscal year, first, to making up any losses incurred; second, to the restoration of the amount of the impairment, if any, of capital and guaranty fund as determined by the chairman of the board; and at least 25 per centum of the remainder of such excess of earnings shall be applied to the creation and maintenance of a surplus equal to at least 25 per centum of the amount of the capital and guaranty fund. Any sums remaining may, with the approval of the chairman of the board, be devoted to the payment of dividends. Subscribers to the guaranty fund shall be entitled to dividends in the same amounts as subscribers to stock. No rate of dividend in excess of 7 per centum per annum shall be paid. Dividends on stock held by the governor, when paid shall be credited to the revolving fund created under section 6 of the Agricultural Marketing Act, as amended.]

Central Bank for Cooperatives shall, at the end of its fiscal year apply the amount of its earnings in excess of operating expenses during such fiscal year: First, to making up any losses incurred; second, to the restoration of the amount of the impairment, if any, of capital and guaranty fund as determined by the chairman of the board; third, 25 per centum of the remainder of such excess of earnings shall be applied to the creation and maintenance of a surplus equal to at least 25 per centum of the amount of the capital and guaranty fund; fourth, if said bank shall have outstanding capital stock held by the United States during the whole or any part of the fiscal year, it shall next pay to the United States as a franchise tax, a sum equal to 25 per centum of its net earnings then remaining, not exceeding, however, a rate of return on such Government capital equal to the average net interest cost of financing direct obligations of the United States during the fiscal year of the United States ending next before such tax is due (such rate to be determined by the Farm Credit Administration upon the basis of data obtainable from the Secretary of the Treasury); and fifth, any sums remaining shall be carried into its surplus account or devoted to the payment of dividends, as may be determined by the chairman of the board. Subscribers to the guaranty

fund shall be entitled to dividends in the same amounts as the subscribers to the stock. No rate of dividend in excess of 7 per centum per annum shall be paid. Dividends on stock held by the Farm Credit Administration or the Governor thereof, when paid, shall be credited to the revolving fund created under section 6 of the Agricultural Marketing Act, as amended.

* * * * *

STOCK SUBSCRIPTIONS AND EARNINGS AND RESERVES

SEC. 42. [The provisions of sections 35 and 36 shall apply in the case of Banks for Cooperatives in the same manner and to the same extent as such provisions are applicable to the Central Bank for Cooperatives, except that powers conferred on the chairman of the board of the Central Bank shall be exercised by the boards of directors of the Banks for Cooperatives, subject to the approval of the governor.] *The provisions of section 35, as amended, and the provisions of section 36, as amended, shall apply in the case of Banks for Cooperatives in the same manner and to the same extent as such provisions are applicable to the Central Bank for Cooperatives, except that powers conferred on the chairman of the Board of the Central Bank for Cooperatives shall be exercised by the Boards of Directors of the Banks for Cooperatives, subject to the approval of the Farm Credit Administration.*

* * * * *

FARM CREDIT ACT OF 1937 (ACT OF AUGUST 19, 1937)

AN ACT To amend the Federal Farm Loan Act, to amend the Emergency Farm Mortgage Act of 1933, to amend the Farm Credit Act of 1933, to amend the Federal Farm Mortgage Corporation Act, to amend the Agricultural Marketing Act, and for other purposes

* * * * *

SEC. 5. (a) There shall be twelve districts in the continental United States, excluding Alaska, which shall be known as farm credit districts, and may be designated by number. The boundaries of the twelve Federal land bank districts existing as of the date of enactment of this Act shall be the boundaries of the respective farm credit districts. Such boundaries may be readjusted from time to time in the discretion of the Farm Credit Administration, provided that said districts shall be apportioned with due regard to the farm credit needs of the country and no such district shall contain a fractional part of any State. The designations "Federal land bank district" and "land bank district" wherever used in the Federal Farm Loan Act, or in any Act amendatory thereof or supplementary thereto, are changed to "farm credit district" and shall hereafter be deemed to refer to the farm credit districts provided for in this section.

[(b) There shall be in each farm credit district a farm credit board, which shall be selected as hereinafter specified and shall be composed of seven members. Each farm credit board shall include in its title the name of the city in which the Federal land bank, Federal intermediate credit bank, production credit corporation, and regional bank for cooperatives of the district are located. Three of the members of said board shall be known as elected directors of whom one shall be chosen by national farm loan associations and borrowers through agencies, one shall be chosen by production credit associations of the district, and one shall be chosen by cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives in the district. Three of the seven members shall be known as district directors, of whom two shall be appointed by the Governor of the Farm Credit Administration and one, who shall be known as the third district director, shall be chosen as hereafter in this section provided. The seventh member of such board shall be known as director at large and shall be appointed by the Governor of the Farm Credit Administration.]

(b) There shall be in each farm credit district a farm credit board which shall be selected as hereinafter specified and shall be composed of seven members. Each farm credit board shall include in its title the name of the city in which the Federal land bank, Federal intermediate credit bank, production credit corporation, and regional bank for cooperatives of the district are located. Three of the seven members of said board shall be known as elected directors, of whom one shall be chosen by national farm loan associations, one shall be chosen by production credit associations of the district, and one shall be chosen by cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives in the district. Subject to the other provisions hereof, three of the seven members shall be known as district directors and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. The seventh member of such board shall be known as director-at-large and shall be appointed by

the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. No person shall be eligible hereafter for nomination or appointment to membership as an appointed member on said Board if such person has within one year next preceeding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operating under the supervision of the Farm Credit Administration. Each farm credit board shall elect from its members a chairman and vice chairman, and shall appoint a secretary from within or without its membership as it may see fit. The chairman, vice chairman, and secretary shall each be elected for a term of one year and until their successors are elected and take office and the board shall elect such officers each year. The chairman shall preside at all meetings and the vice chairman shall preside in the absence or disability of the chairman. The board may, in the absence of both the chairman and vice chairman, elect a member to act as chairman pro tempore.

(c) The directors of the Federal land bank of each district who are in office on the date of enactment of this Act shall constitute the farm credit board of the district and shall serve as members thereof for the remaining portions of the terms for which they were respectively elected or appointed as directors of the bank. Except as otherwise provided by this Act, the successor to each original member of the farm credit board shall be selected in the manner in which such member was selected as a director of the Federal land bank.

[(d) Each third district director shall be selected as follows: Each national farm loan association and borrower through agencies in the district shall nominate, in the manner provided herein for the nomination of candidates for elected directors, one candidate for such director, and from the three persons having the greatest number of votes as nominees the Governor of the Farm Credit Administration shall appoint such director. No third district director who is removed from office pursuant to section 17 (h) of the Federal Farm Loan Act may be nominated to succeed himself.]

(d) (1) The member of the farm credit board of each farm credit district known as the "third district director," who is in office on the effective date of this Act, shall serve as such until his term of office expires. Thereafter, there shall be no member of the district farm credit board to be known as the "third district director".

(2) Notwithstanding the above provision with respect to the appointment of district directors, one additional member of said board shall be elected by each of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district), and serve in lieu of a district director, under the following circumstances and conditions:

(A) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by national farm loan associations, surplus, and reserves of a Federal land bank shall equal or exceed 66 $\frac{2}{3}$ per centum of the total of the capital stock, surplus, and reserves of such bank as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the national farm loan associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: Provided, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: And provided further, That such national farm loan associations shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

(B) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by persons other than the production credit corporation of the district, surplus, and reserves of the production credit associations (collectively) of a farm credit district shall equal or exceed 66 $\frac{2}{3}$ per centum of the total of the capital stock, surplus, and reserves of the production credit associations (collectively) of said district as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such

director shall be elected by the production credit associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: Provided, That, if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: And provided further, That such production credit associations shall again and from time to time elect one additional director as aforesaid, if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

(C) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock and subscriptions to the guaranty fund held by cooperatives which are stockholders or subscribers to the guaranty fund of a regional bank for cooperatives, surplus and reserves of said bank shall equal or exceed 66⅔ per centum of the total capital stock, subscriptions to the guaranty fund, surplus and reserves of said bank as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the cooperatives which are stockholders or subscribers to the guaranty fund of said bank in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: Provided, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: And provided further, That such cooperatives which are stockholders or subscribers to the guaranty fund of said bank shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid: Provided, That at no time and under no conditions shall there be in office less than one or more than two members of said board who are serving by election of any one of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district): And provided further, That if two or more of said groups shall, under the terms and provisions hereof, become qualified to elect an additional director pending the expiration of the term of office of the district director (or third district director) whose term next expires, preference shall be given, first to national farm loan associations and borrowers through agencies, next to production credit associations, and next to cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives, to elect an additional director as herein provided as the terms of office of district directors, including the third district director if he be still in office, expire.



[Report No. 701]

MARCH 31, 1953

JULY 2, 1953

[Omit the part struck through and insert the part printed in *italic*]

1 in the management, control, and ultimate ownership of the
2 permanent system of agricultural credit made available
3 through institutions operating under the supervision of the
4 Farm Credit Administration, and the provisions of this Act
5 shall be construed in keeping with this policy. The Federal
6 Farm Credit Board hereinafter provided for shall within one
7 year after appointment make recommendations to the Con-
8 gress of means, supplemental to those provided by this Act,
9 of carrying into effect such declared policy, *including, but not*
10 *limited to, means of increasing borrower participation in own-*
11 *ership of the Federal Farm Credit System to the end that*
12 *the investment of the United States in the Federal inter-*
13 *mediate credit banks, production credit corporations, Central*
14 *Bank for Cooperatives, and regional banks for cooperatives*
15 *may be retired.*

16 FARM CREDIT ADMINISTRATION

17 SEC. 3. The Farm Credit Administration shall be in
18 the Department of Agriculture. The Secretary of Agriculture
19 shall report to the President with respect to the operations
20 and functions of the Farm Credit Administration. The Fed-
21 eral Farm Credit Board, hereinafter provided for, shall have
22 direction, supervision, and control of the Farm Credit Ad-
23 ministration and of its operations and functions, as in this
24 Act provided.

FEDERAL FARM CREDIT BOARD

SEC. 4. (a) There shall be established, in the Farm Credit Administration, a Federal Farm Credit Board (hereinafter referred to as the "Board"). Said Board shall consist of thirteen members. Twelve of the members, one from each of the farm credit districts of the United States, shall be known as appointed members and shall be appointed by the President with the advice and consent of the Senate, upon Senate. *In making appointments to the Board the President shall have due regard to a fair representation of the public interest, the welfare of all farmers and the various types of cooperative agricultural credit interests; shall give special consideration to persons who are experienced in cooperative agricultural credit; and shall, before making such appointments, receive and consider nominations made as follows:*

The national farm loan associations in the district shall designate one nominee, the production credit associations in the district shall designate one nominee, and the cooperatives which are stockholders or subscribers to the guaranty fund of the bank for cooperatives of the district shall designate one nominee, in accordance with the procedure prescribed in sections 5 (e) and 5 (f) of the Farm Credit Act of 1937 for the nomination and election of members of a district farm credit board, except that only two persons receiving the

1 highest number of votes shall be included in the list of
2 nominees prepared as a result of the voting under the pro-
3 cedure prescribed in said section 5 (e) : *Provided*, That the
4 names of all those who are tied for second place as a result of
5 said voting shall be included in the list; and in case of a
6 tie in the voting under the procedure prescribed in said sec-
7 tion 5 (f) the procedure prescribed therein shall be fol-
8 lowed again until the tie is broken: *And provided further*,
9 That if the same person would otherwise be on the list of
10 nominees of more than one of said groups as a result of the
11 voting under said section 5 (e) he may choose the one list on
12 which his name shall appear, and otherwise his name shall
13 appear only on the list of the two highest nominees of the
14 group which gave him the highest percentage of its votes.
15 Subsequent appointments shall be made ~~upon like nominations~~
16 ~~and in like manner~~ *after receiving and considering nomina-*
17 *tions made in like manner.*

18 (b) Each appointed member of said Board shall be a
19 citizen of the United States and shall have been a resident
20 of the farm credit district from which appointed for not
21 less than ten years next preceding his appointment, and the
22 removal of residence from the district during his tenure shall
23 operate as a termination of his membership on said Board.
24 No appointed member of said Board shall be eligible to serve
25 for more than one full term of six years, and, in addition, a

1 term of less than six years if he is one of the first members
2 to be appointed ~~for~~, *or is appointed to fill*, the unexpired por-
3 tion of one term expiring before his appointment to a full
4 term. No person shall be eligible for nomination or appoint-
5 ment to membership as an appointed member on said Board
6 if such person has within one year next preceding the com-
7 mencement of the term been a salaried officer or employee of
8 the Farm Credit Administration, or a salaried officer or
9 employee of any corporation operating under the supervision
10 of the Farm Credit Administration. Any person who is a
11 member of the district farm credit board when appointed as
12 a member of the Federal Farm Credit Board shall resign as
13 a member of the district board before assuming his duties as
14 a member of the Federal Farm Credit Board. No person
15 who becomes an appointed member of said Board shall be
16 eligible to continue to serve as a member thereof if such
17 person becomes a member of any district farm credit board,
18 or an officer or employee of the Farm Credit Administration,
19 or an officer or employee of any corporation operating under
20 the supervision of the Farm Credit Administration.

21 (c) The term of office of the appointed members of said
22 Board shall be six years, beginning with the first day of the
23 calendar month in which this Act takes effect, and such
24 members shall serve until their successors are duly appointed
25 and qualified; however, of the first appointed members ap-

1 pointed hereunder, two shall be appointed for a term of one
2 year from said date, two for a term of two years, two for a
3 term of three years, two for a term of four years, two for
4 a term of five years, and two for a term of six years. All
5 vacancies in the offices of appointed members on said Board
6 shall be filled for the unexpired portion of the term upon
7 like nominations and by like appointments as herein provided
8 for the appointment of the first such members of said Board.

9 (d) ~~The~~ *So long as there is Government capital in the*
10 *system, the* thirteenth member of the Board shall be desig-
11 nated by the Secretary of Agriculture, shall serve at the
12 pleasure of the Secretary, and shall be known as the Secre-
13 tary's representative on said Board. He shall be a citizen
14 of the United States and shall have been a resident of the
15 United States for not less than ten years next preceding his
16 designation to membership on said Board. No person shall
17 be eligible to be designated by the Secretary or to serve as
18 the Secretary's representative on said Board, if such person
19 is a member of a district farm credit board, an officer or
20 employee of any corporation operating under the supervision
21 of the Farm Credit Administration. The Secretary's repre-
22 sentative shall not be eligible to serve as chairman, vice
23 chairman, or secretary of the Board, but shall otherwise
24 possess all rights and privileges of membership on said Board.

25 (e) As soon as practicable after the memberships on

1 said Board have been filled as in this Act provided, the
2 members of said Board shall meet, subscribe the oath of
3 office, and organize by electing from the appointed members
4 a chairman and a vice chairman; and said Board shall ap-
5 point a secretary from within or without its membership
6 as it may see fit. The Board shall elect annually for a
7 term of one year the chairman, vice chairman, and secre-
8 tary, who shall serve until their successors are elected and
9 take office. The chairman shall preside at all meetings and
10 the vice chairman shall preside in the absence or disabil-
11 ity of the chairman. The Board may, in the absence of
12 both the chairman and vice chairman, elect any appointed
13 member to act as chairman pro tempore. Seven members
14 shall constitute a quorum of the Board for the transac-
15 tion of business. The Board may function notwithstanding
16 vacancies provided a quorum as herein established shall be
17 present. The Board shall meet at such times and places
18 as it may fix and determine, but shall hold at least four
19 regularly scheduled meetings a year; and special meetings
20 may be held on call of the chairman or any three members
21 of the Board: ~~Provided,~~ That if as of that date the Board
22 for any reason has not entered upon the discharge of its
23 duties the Secretary of Agriculture shall designate an as-
24 sistant to the Secretary to serve as Acting Governor of
25 the Farm Credit Administration and such Acting Governor

1 shall exercise and perform all functions, powers, and duties
2 vested by this Act in the Farm Credit Administration until
3 his services are terminated by the Board.

4 (f) Each member of the Board shall receive the sum of
5 \$50 for each day or part thereof spent in the performance
6 of his official duties, which compensation, however, shall not
7 be paid for more than seventy-five days (or parts of days)
8 in any calendar year; and shall not be paid to the Secretary's
9 representative if he is a full-time officer or employee of the
10 United States, or such payment is otherwise prohibited by
11 law; and in addition, shall be reimbursed for necessary travel,
12 subsistence, and other expenses incurred in the discharge of
13 his official duties, without regard to other laws with respect
14 to allowances which may be made on account of travel and
15 subsistence expenses of officers and employed personnel of
16 the United States.

17 (g) The Board shall adopt such rules as it may see fit
18 for the transaction of its business, and shall keep permanent
19 and complete records and minutes of its acts and proceedings.

20 GOVERNOR OF FARM CREDIT ADMINISTRATION

21 SEC. 5. (a) The Board shall appoint a Governor of the
22 Farm Credit Administration (hereinafter referred to as the
23 "Governor") who shall serve at the pleasure of the Board,
24 and who shall, subject to the general supervision and direc-
25 tion of the Board as to matters of a broad and general super-

visory, advisory, or policy nature, and except as otherwise herein specifically provided, be responsible for the execution of this Act, all Acts amendatory thereof and supplemental thereto, and all Acts creating the powers, functions, and duties of the Farm Credit Administration: *Provided, however, That pending retirement of Government capital in institutions supervised by the Farm Credit Administration, the appointment of the Governor shall be subject to the approval of the President; and during such period the President shall have power to require the removal of the Governor.*

(b) The Board shall fix the compensation of the Governor: *Provided, That the salary of the Governor shall not exceed ~~\$20,000~~ \$17,500 a year, together with necessary traveling and subsistence expenses, or per diem allowance in lieu thereof within the limitations prescribed by law, while away from his official station upon official business.*

(c) It shall be the duty of the Governor to comply with all orders and directions which he receives from the Board; as to all third persons, all acts of the Governor shall be conclusively presumed to be in compliance with the orders and directions of the Board.

(d) The Governor shall appoint such other personnel as may be necessary to carry out the functions, powers, and duties vested in the Farm Credit Administration. The

1 Farm Credit Administration shall consist of the Board, the
2 Governor, and such other personnel as are employed in
3 carrying out the functions, powers, and duties vested in
4 the Farm Credit Administration. All functions, powers, and
5 duties of the Farm Credit Administration, except those herein
6 conferred upon the Board, shall be exercised and performed
7 by the Governor and may be exercised and performed by
8 him through such officers and employees of the Farm Credit
9 Administration as he shall designate.

10 (e) The term of office of the incumbent of the office
11 of Governor of the Farm Credit Administration appointed
12 before the effective date of this Act and holding office on
13 that date shall terminate on that date and said office shall
14 thereby become vacant: *Provided, That if as of that date*
15 *a Governor has not been appointed, and qualified, under this*
16 *Act, the Secretary of Agriculture shall designate an assistant*
17 *to the Secretary to serve as Acting Governor of the Farm*
18 *Credit Administration and such Acting Governor shall exer-*
19 *cise and perform all functions, powers, and duties vested in*
20 *the Farm Credit Administration until the appointment and*
21 *qualification of a Governor as in this Act provided. The*
22 *Acting Governor shall be subject to the powers of the Board*
23 *when the Board has been appointed and qualified.*

RESPONSIBILITIES OF THE BOARD

SEC. 6. It shall be the function and duty of the Board

(1) to see that the policies fixed by the Board hereunder are carried out; ~~(2) to exercise adequate budgetary control over the Farm Credit Administration;~~ ~~(3)~~ (2) to require such reports as it deems necessary from the Governor and from any of the officials or corporations under the control or supervision of the Farm Credit Administration; ~~(4)~~ (3) to make an annual report to Congress, including therein any recommendations of amendments to the laws relative to Federal agricultural credit; and ~~(5)~~ (4) to exercise general direction and supervision over the performance of all functions, powers, and duties vested in the Governor when relating in the judgment of the Board to matters of a broad and general supervisory, advisory, or policy nature. It shall function as a unit without delegating authority to individual members and shall not operate in an administrative capacity; and all administrative powers, functions, and duties of the Farm Credit Administration shall be exercised and performed by the Governor.

OFFICES ABOLISHED AND FUNDS TRANSFERRED

SEC. 7. (a) The offices of the Land Bank Commissioner, Production Credit Commissioner, Cooperative Bank Com-

1 missioner, and Intermediate Credit Commissioner are hereby
2 abolished. The Governor shall designate an officer or em-
3 ployee of the Farm Credit Administration to serve at the
4 pleasure of the Governor as a member of the Board of Direc-
5 tors of the Central Bank for Cooperatives, as chairman of said
6 board of directors, and as executive officer of said bank, in
7 lieu of the Cooperative Bank Commissioner. The Governor
8 shall designate an officer or employee of the Farm Credit
9 Administration to serve at the pleasure of the Governor as
10 a member of the board of directors of the Federal Farm
11 Mortgage Corporation, in lieu of the Land Bank Commis-
12 sioner. The Federal Farm Mortgage Corporation and its
13 functions and activities are hereby transferred to the Farm
14 Credit Administration and shall be administered therein under
15 the general direction and supervision thereof.

16 (b) Employees in the Department of Agriculture who
17 are being utilized on the effective date of this Act primarily
18 for the performance of functions, powers, and duties hereto-
19 fore or by this Act vested in the Farm Credit Administration,
20 shall be transferred to the jurisdiction and control of the
21 Farm Credit Administration in those instances in which the
22 Governor determines that they are qualified and necessary
23 to carry out the functions, powers, and duties of the Farm
24 Credit Administration.

25 (c) All assets, funds, contracts, property, and records

1 used and employed in the execution of the functions, powers,
2 and duties heretofore or by this Act vested in the Farm
3 Credit Administration are hereby transferred to the juris-
4 diction and control of the Farm Credit Administration.

5 (d) So much of the unexpended balances of appropria-
6 tions, allocations, and other funds available or to be made
7 available for salaries, expenses, and all other administrative
8 expenditures as the Director of the Bureau of the Budget
9 shall determine for use in the execution of the functions
10 heretofore or by this Act vested in the Farm Credit Admin-
11 istration, shall be transferred to and vested in the Farm
12 Credit Administration.

13 (e) All unexpended balances of appropriations, alloca-
14 tions, or other funds, other than those mentioned in sub-
15 section (d) of this section, available (including those avail-
16 able for the fiscal year ending June 30, 1953) for the Farm
17 Credit Administration and/or for the Secretary of Agricul-
18 ture on account of the functions and activities of Farm Credit
19 Administration, shall be transferred to the Farm Credit
20 Administration and shall remain available for the exercise of
21 the functions and activities of the Farm Credit Adminis-
22 tration.

23 DELEGATIONS TO DISTRICT INSTITUTIONS

24 SEC. 8. The Farm Credit Administration is authorized
25 and directed, by order or rules and regulations, to delegate

1 to a Federal land bank such of the duties, powers, and
2 authority of the Farm Credit Administration with respect to
3 and over National Farm Loan Associations, their officers
4 and employees, in the farm credit district wherein such Fed-
5 eral land bank is located, as may be determined to be in
6 the interest of effective administration; and, in like manner,
7 to delegate to a production credit corporation such of the
8 duties, powers, and authority of the Farm Credit Adminis-
9 tration with respect to and over production credit associations,
10 their officers and employees, in the farm credit district
11 wherein such production credit corporation is located, as
12 may be determined to be in the interest of effective adminis-
13 tration; and, in either case the duties, powers, and authority
14 so delegated shall be performed and exercised under such
15 conditions and requirements and upon such terms as the
16 Farm Credit Administration may specify. Any Federal land
17 bank or production credit corporation to which any such
18 duties, powers, or authority may be delegated is hereby
19 authorized and empowered to accept, perform, and exercise
20 such duties, powers, and authority as may be so delegated
21 to it.

22 DIVISION OF COOPERATIVE MARKETING TRANSFERRED

23 SEC. 9. There is hereby transferred from the Farm
24 Credit Administration to the ~~Agricultural Research Ad-~~
25 ~~ministration in the Department of Agriculture, as a bureau~~

1 ~~of such agency~~, jurisdiction and control of the Secretary of
2 *Agriculture* the Division of Cooperative Marketing (by
3 whatever name now called) authorized and created under
4 and by virtue of an Act of Congress of July 2, 1926 (Pub-
5 lic, Numbered 450, Sixty-ninth Congress), entitled "An
6 Act to create a Division of Cooperative Marketing in the
7 Department of Agriculture; to provide for the acquisition
8 and dissemination of information pertaining to cooperation;
9 to promote the knowledge of cooperative principles and
10 practices; to provide for calling advisers to counsel with
11 the Secretary of Agriculture on cooperative activities; to
12 authorize cooperative associations to acquire, interpret, and
13 disseminate crop and market information, and for other
14 purposes", together with all functions pertaining to the
15 work and services of such Division, its personnel, property
16 (including office equipment), assets, funds, contracts, and
17 records used and employed in the execution of its functions,
18 powers, and duties, and so much of the unexpended balances
19 of appropriations, allocations, and other funds available or
20 to be made available for salaries, expenses, and all other
21 administrative expenditures as the Director of the Bureau of
22 the Budget shall determine, for use in the execution of the
23 functions, powers, and duties of said Division ~~in said~~
24 Department.

FRANCHISE TAX PROVISIONS

SEC. 10. Section 23 of the Federal Farm Loan Act, as amended, is further amended by adding at the end thereof a new paragraph as follows:

“Notwithstanding any other provision of this Act, in the case of a Federal land bank having outstanding capital stock held by the United States during the whole or any part of a fiscal year, said bank shall, after complying with the reserve requirements of the preceding paragraphs of this section and before declaring any dividends to shareholders, pay to the United States a franchise tax equal to 25 per centum of its net earnings then remaining, not to exceed, however, a rate of return of such Government capital equal to the average net interest cost of financing direct obligations of the United States during the fiscal year of the United States ending next before such tax is due (such rate to be determined by the Farm Credit Administration upon the basis of data obtainable from the Secretary of the Treasury).”

SEC. 11. Section 6 of the Farm Credit Act of 1933 is amended by adding at the end thereof a new paragraph as follows:

“(e) Each production credit corporation shall, at the end of each fiscal year (1) apply its earnings described in subsection (c) of this section in accordance with the provisions of subsections (c) and (d) of this section; and (2)

1 apply its earnings from all other sources, first, to the pay-
2 ment of any operating expenses for the year remaining
3 unpaid; second, to restore losses and impairment of capital,
4 if any, of the corporation; third, to the creation and mainte-
5 nance of a surplus equal to 25 per centum of the paid-in
6 capital of the corporation; fourth, to the payment of 25 per
7 centum of its earnings from all sources then remaining to the
8 United States as a franchise tax, and fifth, to the payment
9 of the remaining earnings into its surplus account.”

10 SEC. 12. Section 36 of the Farm Credit Act of 1933 is
11 amended to read as follows:

12 “The Central Bank for Cooperatives shall, at the end of
13 its fiscal year, apply the amount of its earnings in excess of
14 operating expenses during such fiscal year: First, to making
15 up any losses incurred; second, to the restoration of the
16 amount of the impairment, if any, of capital and guaranty
17 fund as determined by the chairman of the board; third,
18 25 per centum of the remainder of such excess of earnings
19 shall be applied to the creation and maintenance of a surplus
20 equal to at least 25 per centum of the amount of the capital
21 and guaranty fund; fourth, if said bank shall have outstanding
22 capital stock held by the United States during the whole or
23 any part of the fiscal year, it shall next pay to the United
24 States as a franchise tax, a sum equal to 25 per centum of

1 its net earnings then remaining, not exceeding, however, a
2 rate of return on such Government capital equal to the aver-
3 age net interest cost of financing direct obligations of the
4 United States during the fiscal year of the United States
5 ending next before such tax is due (such rate to be deter-
6 mined by the Farm Credit Administration upon the basis
7 of data obtainable from the Secretary of the Treasury) ; and
8 fifth, any sums remaining shall be carried into its surplus
9 account or devoted to the payment of dividends, as may be
10 determined by the chairman of the board. Subscribers to the
11 guaranty fund shall be entitled to dividends in the same
12 amounts as the subscribers to the stock. No rate of dividend
13 in excess of 7 per centum per annum shall be paid. Dividends
14 on stock held by the Farm Credit Administration or the
15 Governor thereof, when paid, shall be credited to the revolv-
16 ing fund created under section 6 of the Agricultural Market-
17 ing Act, as amended.”

18 SEC. 13. Section 42 of the Farm Credit Act of 1933 is
19 amended to read as follows:

20 “The provisions of section 35, as amended, and the pro-
21 visions of section 36, as amended, shall apply in the case of
22 Banks for Cooperatives in the same manner and to the same
23 extent as such provisions are applicable to the Central Bank
24 for Cooperatives, except that powers conferred on the chair-
25 man of the Board of the Central Bank for Cooperatives shall

1 be exercised by the Boards of Directors of the Banks for
2 Cooperatives, subject to the approval of the Farm Credit
3 Administration.”

4 MEMBERSHIP OF DISTRICT FARM CREDIT BOARDS

5 SEC. 14. Section 5 (b) of the Farm Credit Act of
6 1937 is amended to read as follows:

7 “(b) There shall be in each farm credit district a
8 farm credit board which shall be selected as hereinafter
9 specified and shall be composed of seven members. Each
10 farm credit board shall include in its title the name of the
11 city in which the Federal land bank, Federal intermediate
12 credit bank, production credit corporation, and regional
13 bank for cooperatives of the district are located. Three of
14 the seven members of said board shall be known as elected
15 directors, of whom one shall be chosen by national farm
16 loan associations, one shall be chosen by production credit
17 associations of the district, and one shall be chosen by co-
18 operatives which are stockholders or subscribers to the
19 guaranty fund of the regional bank for cooperatives in the
20 district. Subject to the other provisions hereof, three of
21 the seven members shall be known as district directors and
22 shall be appointed by the Governor of the Farm Credit
23 Administration by and with the advice and consent of the
24 Federal Farm Credit Board. The seventh member of such
25 board shall be known as director-at-large and shall be ap-

1 pointed by the Governor of the Farm Credit Administra-
2 tion by and with the advice and consent of the Federal
3 Farm Credit Board. *No person shall be eligible hereafter*
4 *for nomination or appointment to membership as an ap-*
5 *pointed member on said Board if such person has within one*
6 *year next preceding the commencement of the term been a*
7 *salaried officer or employee of the Farm Credit Administra-*
8 *tion, or a salaried officer or employee of any corporation*
9 *operating under the supervision of the Farm Credit Ad-*
10 *ministration.* Each farm credit board shall elect from
11 its members a chairman and vice chairman, and shall
12 appoint a secretary from within or without its member-
13 ship as it may see fit. The chairman, vice chairman, and
14 secretary shall each be elected for a term of one year and until
15 their successors are elected and take office and the board
16 shall elect such officers each year. The chairman shall
17 preside at all meetings and the vice chairman shall preside
18 in the absence or disability of the chairman. The board
19 may, in the absence of both the chairman and vice chair-
20 man, elect a member to act as chairman pro tempore.”

21 SEC. 15. Section 5 of the Farm Credit Act of 1937 is
22 amend by striking out the entire text of subdivision (d)
23 thereof and inserting in lieu thereof the following:

24 “(d) (1) The member of the farm credit board of each
25 farm credit district known as the ‘third district director,’ who

1 is in office on the effective date of this Act, shall serve as
2 such until his term of office expires. Thereafter, there shall
3 be no member of the district farm credit board to be known
4 as the 'third district director'.

5 " (2) Notwithstanding the above provision with respect
6 to the appointment of district directors, one additional mem-
7 ber of said board shall be elected by each of the groups
8 aforesaid (national farm loan associations and borrowers
9 through agencies, production credit associations, and coopera-
10 tives which are stockholders or subscribers to the guaranty
11 fund of the regional bank for cooperatives of the district),
12 and serve in lieu of a district director, under the following
13 circumstances and conditions:

14 " (A) Whenever, as determined by the Farm Credit
15 Administration, the sum of the capital stock held by national
16 farm loan associations, surplus, and reserves of a Federal
17 land bank shall equal or exceed $66\frac{2}{3}$ per centum of the total
18 of the capital stock, surplus, and reserves of such bank as of
19 the date three months before the expiration of the term of
20 office of the district director (or third district director)
21 whose term next expires, the successor to such director shall
22 be elected by the national farm loan associations of the
23 district in the manner herein provided, shall be known as an
24 elected director, and successors to that office shall be so
25 elected and known from term to term while such conditions

1 obtain: *Provided*, That if and when, as determined by the
2 Farm Credit Administration, such conditions do not obtain
3 as of the date three months before the expiration of the term
4 of office of any director so elected under the provisions of
5 this subparagraph, the successor to such director shall be
6 appointed by the Governor of the Farm Credit Administra-
7 tion by and with the advice and consent of the Federal Farm
8 Credit Board, shall be known as a district director, and suc-
9 cessors to that office shall be so appointed and known from
10 term to term for such terms as appointment is not precluded
11 by the election of an additional director by one of the groups
12 aforesaid as herein provided: *And provided further*, That
13 such national farm loan associations shall again and from
14 time to time elect one additional director as aforesaid if and
15 when the required conditions named in this subparagraph
16 shall be determined to obtain as aforesaid.

17 “(B) Whenever, as determined by the Farm Credit
18 Administration, the sum of the capital stock held by persons
19 other than the production credit corporation of the district,
20 surplus, and reserves of the production credit associations
21 (collectively) of a farm credit district shall equal or exceed
22 $66\frac{2}{3}$ per centum of the total of the capital stock, surplus,
23 and reserves of the production credit associations (collec-
24 tively) of said district as of the date three months before the
25 expiration of the term of office of the district director (or

1 third district director) whose term next expires, the successor
2 to such director shall be elected by the production credit
3 associations of the district in the manner herein provided,
4 shall be known as an elected director, and successors to that
5 office shall be so elected and known from term to term while
6 such conditions obtain: *Provided*, That, if and when, as
7 determined by the Farm Credit Administration, such con-
8 ditions do not obtain as of the date three months before the
9 expiration of the term of office of any director so elected
10 under the provisions of this subparagraph, the successor to
11 such director shall be appointed by the Governor of the
12 Farm Credit Administration by and with the advice and
13 consent of the Federal Farm Credit Board, shall be known
14 as a district director, and successors to that office shall be so
15 appointed and known from term to term for such terms as
16 appointment is not precluded by the election of an addi-
17 tional director by one of the groups aforesaid as herein pro-
18 vided: *And provided further*, That such production credit
19 associations shall again and from time to time elect one ad-
20 ditional director as aforesaid, if and when the required con-
21 ditions named in this subparagraph shall be determined to
22 obtain as aforesaid.

23 “(C) Whenever, as determined by the Farm Credit
24 Administration, the sum of the capital stock and subscriptions
25 to the guaranty fund held by cooperatives which are stock-

1 holders or subscribers to the guaranty fund of a regional bank
2 for cooperatives, surplus and reserves of said bank shall equal
3 or exceed $66\frac{2}{3}$ per centum of the total capital stock, sub-
4 scriptions to the guaranty fund, surplus and reserves of said
5 bank as of the date three months before the expiration of
6 the term of office of the district director (or third district
7 director) whose term next expires, the successor to such
8 director shall be elected by the cooperatives which are stock-
9 holders or subscribers to the guaranty fund of said bank in the
10 manner herein provided, shall be known as an elected
11 director, and successors to that office shall be so elected and
12 known from term to term while such conditions obtain:
13 *Provided*, That if and when, as determined by the Farm
14 Credit Administration, such conditions do not obtain as of
15 the date three months before the expiration of the term of
16 office of any director so elected under the provisions of this
17 subparagraph, the successor to such director shall be ap-
18 pointed by the Governor of the Farm Credit Administration
19 by and with the advice and consent of the Federal Farm
20 Credit Board, shall be known as a district director, and
21 successors to that office shall be so appointed and known from
22 term to term for such terms as appointment is not precluded
23 by the election of an additional director by one of the groups
24 aforesaid as herein provided: *And provided further*, That
25 such cooperatives which are stockholders or subscribers to

1 the guaranty fund of said bank shall again and from time to
2 time elect one additional director as aforesaid if and when
3 the required conditions named in this subparagraph shall be
4 determined to obtain as aforesaid: *Provided*, That at no time
5 and under no conditions shall there be in office less than one
6 or more than two members of said board who are serving
7 by election of any one of the groups aforesaid (national farm
8 loan associations and borrowers through agencies, production
9 credit associations, and cooperatives which are stockholders
10 or subscribers to the guaranty fund of the regional bank for
11 cooperatives of the district) : *And provided further*, That if
12 two or more of said groups shall, under the terms and pro-
13 visions hereof, become qualified to elect an additional director
14 pending the expiration of the term of office of the district
15 director (or third district director) whose term next expires,
16 preference shall be given, first to national farm loan associa-
17 tions and borrowers through agencies, next to production
18 credit associations, and next to cooperatives which are stock-
19 holders or subscribers to the guaranty fund of the regional
20 bank for cooperatives, to elect an additional director as herein
21 provided as the terms of office of district directors, including
22 the third district director if he be still in office, expire.”

23 SEC. 16. (a) Any other provisions of law to the con-
24 trary notwithstanding after the effective date of this Act
25 any production credit association may, with the approval of

1 the President of the Production Credit Corporation and of
2 the Farm Credit Administration, issue nonvoting preferred
3 stock, to be known as class C stock, which may be purchased
4 and held by production credit corporations and by investors:
5 *Provided*, That the issuance of such stock shall be authorized
6 by vote of not less than two-thirds of the outstanding shares
7 of class A stock of the association (other than shares held
8 by the Production Credit Corporation) by the holders thereof
9 in person or by proxy and by vote of not less than two-
10 thirds of the outstanding shares of class B stock of the asso-
11 ciation by the holders thereof in person or by proxy; and
12 for this purpose holders of class A stock (other than the
13 Production Credit Corporation) and holders of class B stock
14 shall be entitled to one vote for each share of stock held
15 by them.

16 (b) Such class C stock of such associations shall be
17 divided into shares of \$5 each. The resolution of the stock-
18 holders authorizing the issuance of class C stock and every
19 certificate of class C stock issued shall state and express the
20 privileges, restrictions, limitations, and qualifications affect-
21 ing said stock, and the total amount of the authorized issue
22 to which it belongs.

23 (c) Such class C stock may (1) be made subject to re-
24 demption in such manner, at such time or times, and at such
25 price or prices; (2) be given such preferences as to net

1 assets upon dissolution of the corporation, whether volun-
2 tary or involuntary; (3) be given the right to receive such
3 cumulative or noncumulative dividends payable quarterly,
4 semiannually, or annually, and payable as a whole or in part
5 before any dividend shall be set apart for or paid on class A
6 and class B stock; and (4) be made subject to such other
7 restrictions, limitations, and qualifications; as shall be stated
8 and expressed in the resolution of the stockholders authoriz-
9 ing the issuance thereof and in the face of the stock certifi-
10 cates.

11 APPROPRIATIONS AND EXPENDITURES

12 SEC. 17. (a) There are authorized to be appropriated
13 such sums as may be necessary or appropriate for administer-
14 ing the provision of this Act: *Provided, The cost of examina-*
15 *tion and of administrative supervision of the Farm Credit*
16 *Administration shall continue to be supported by assessments*
17 *against institutions supervised by the Farm Credit Adminis-*
18 *tration as provided in the Department of Agriculture Organic*
19 *Act of 1944.*

20 (b) Farm Credit Administration may, within the limits
21 of funds available therefor, *and subject to provisions of law*
22 *generally applicable to government agencies,* make necessary
23 expenditures for personnel services and rent at the seat of
24 government and elsewhere; contract stenographic reporting
25 services; purchase and exchange of lawbooks, books of

1 reference, periodicals, newspapers, expenses of attendance at
2 meetings and conferences; purchase, operation, and main-
3 tenance, at the seat of government and elsewhere, of motor-
4 propelled passenger-carrying vehicles and other vehicles;
5 printing and binding; and for such other facilities and services
6 as it may from time to time find necessary for the proper
7 administration of this Act.

8 SEC. 18. This Act shall take effect ~~ninety~~ *one hundred and*
9 *twenty* days after the date of its enactment: *Provided, how-*
10 *ever,* That immediately following the enactment of this Act
11 the Farm Credit Administration shall proceed with the
12 designation of nominees as provided in section 4 (a) hereof
13 and the members of the Federal Farm Credit Board shall be
14 appointed or designated sufficiently in advance of the effective
15 date of this Act to enable said Board to prepare to enter
16 upon the discharge of its duties upon the effective date of
17 this Act; and after the effective date of this Act, the com-
18 pensation and expenses of the Board members shall be paid,
19 as provided herein, from the date on which their appoint-
20 ments became effective, out of any funds available for the
21 payment of administrative expenses of the Farm Credit
22 Administration.

23 SEC. 19. All Acts or parts of Acts inconsistent with the
24 provisions of this Act are hereby repealed to the extent of
25 such inconsistency.

1 SEC. 20. (a) If any provision of this Act, or the ap-
2 plication thereof to any person or circumstances, is held
3 invalid, the remainder of the Act, and the application of
4 such provisions to other persons or circumstances, shall not
5 be affected thereby.

6 (b) The right to alter, amend, or repeal this Act is
7 hereby expressly reserved.

[Report No. 701]

A BILL

To increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

By Mr. HOPE

MARCH 31, 1953

Referred to the Committee on Agriculture

JULY 2, 1953

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 13, 1953
For actions of July 10 and 11, 1953
83rd-1st, Nos. 127 and 128

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HIGHLIGHTS: House received conference reports on drought-relief and mutual security bills. House Rules Committee cleared FCA-reorganization and customs-simplification bills. House passed bill authorizing surplus-property use for disaster relief. House passed excess-profits tax bill. House committee reported supplemental appropriation bill. Senate passed second independent offices appropriation bill. Senate agreed to investigation of unfit-wheat imports. Senate committee reported wheat-quotas bill. Senate leader announced wheat-agreement debate for today.

SENATE - July 10

APPROPRIATIONS. Passed with amendments H. R. 5690, the second independent offices appropriation bill for 1954, which includes funds for the Tennessee Valley Authority, Veterans' Administration, and Selective Service System (pp. 8742-84). Senate conferees were appointed (p. 8784). Agreed to a committee amendment "to clarify the proviso that the cutting off of the 4 percent gratuity on loans to veterans for the purchase or construction of homes, farms and business property by September 1, 1953, would not apply to loans previously made." Agreed to a committee provision that under any contract between a State or its subdivision and the Veterans' Administration for on-farm training, etc., the State or subdivision shall not be liable for disallowed subsistence allowances unless the State or subdivision shared in the blame. Agreed to a modified Cooper amendment to increase funds by \$1,350,000 for resource development by TVA. Rejected a Kefauver amendment increasing TVA by \$30,000,000. The committee report states the following regarding TVA: "The committee directs the Authority by the end of the fiscal year 1954 to turn over to Federal, State, or local governments or public or private agencies the responsibility for continuing their respective parts of the resource development program."

2. WHEAT. The Agriculture and Forestry Committee reported with amendments H. R. 5451, to amend the wheat marketing quota law (S. Rept. 520) (p. 8730). The "Daily Digest" states: "The major amendment approved by the committee would decrease from 66 to 61 million acres the minimum 1954 wheat acreage allotment" (p. D684).

This bill was made the unfinished business (p. 8792).

Agreed, without amendment, to S. Res. 127, to authorize the Agriculture and Forestry Committee to investigate importation of unfit wheat from Canada (p. 8786).

Sen. Knowland announced that it is intended to debate the International Wheat Agreement today (p. 8749).

Foreign

3. FOREIGN TRADE. The Interstate and Commerce Committee reported without amendment S. Con. Res. 40, favoring the placing of the inscription "United States of America" on containers of American-made goods for export (S. Rept. 514)(p.8733).

HOUSE - July 10

4. DROUGHT RELIEF. Received the conference report on H. R. 6054, the drought-relief bill (H. Rept. 769)(pp. 8703-4). The conference substitute in general follows the provisions of the House version. The following were among the actions of the conferees: Inserted "established" before "farmers and stockmen". Struck out the limitation that local loan committees must be appointed from local financing institutions and livestock operators. Adopted the House provision for emergency assistance in furnishing feed and seed except that the specific authorization to waive payment was eliminated. Restored the authority for the Secretary to use any part of the Department in carrying out the bill. Restored the Senate provision on security for loans.
5. FOREIGN AID. Received the conference report on H. R. 5710, to extend and amend the Mutual Security Act (H. Rept. 770)(pp. 8720-6). The conferees agreed upon an authorization of \$5,157,232,500, compared with a House figure of \$4,998,732,500 and a Senate figure of \$5,318,732,500. Agreed to a modified version on use of surplus agricultural commodities requiring that, of the funds authorized, not less than \$100,000,000 and not more than \$250,000,000 "shall be used directly or indirectly, to finance the purchase of surplus agricultural commodities." (The House conferees' statement says the provision for "indirect" financing "is to permit reimbursement of the Commodity Credit Corporation for commodities supplied from its stocks.") Under the modified provision, sale of agricultural surpluses for local currencies is authorized, and such currencies are to be kept in a special U. S. account and may be utilized for the purposes set forth in the legislation without appropriation by Congress; local currencies so acquired may be spent only for the purposes of the Mutual Security Act; and special precautions are to be taken to prevent disposing of surpluses in a manner which would displace normal market arrangements and to insure that maximum use will be made of private trade channels.
6. FCA REORGANIZATION; FOREIGN TRADE; FOOD INSPECTION. The Rules Committee reported resolutions providing for the consideration of H. R. 4353, the FCA reorganization bill; H. R. 5877, the customs-simplification bill; and H. R. 5740, to amend the Federal Food, Drug, and Cosmetic Act, providing for certain authority for factory inspection (p. 8727).
7. RESEARCH. Received from this Department a proposed bill to amend the Bankhead-Jones Act so as to broaden the authority to carry on research under contract; to Agriculture Committee (p. 8727). The Senate received this proposed legislation on July 11; to Agriculture and Forestry Committee (p. 8794).
8. TAXATION. Passed without amendment, 325-77, H. R. 5898, to extend the excess-profits tax until Dec. 31, 1953 (pp. 8665-701).

CONSIDERATION OF H. R. 4353

JULY 10, 1953.—Referred to the House Calendar and ordered to be printed

Mr. ALLEN of Illinois, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 328]

The Committee on Rules, having had under consideration House Resolution 328, report the same to the House with the recommendation that the resolution do pass.

26008



House Calendar No. 104

83RD CONGRESS
1ST SESSION

H. RES. 328

[Report No. 766]

IN THE HOUSE OF REPRESENTATIVES

JULY 10, 1953

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H. R. 4353) to
5 increase farmer participation in ownership and control of
6 the Federal Farm Credit System; to create a Federal Farm
7 Credit Board; to abolish certain offices; to impose a franchise
8 tax upon certain farm credit institutions; and for other pur-
9 poses, and all points of order against said bill or any provi-
10 sions contained in said bill are hereby waived. After general
11 debate, which shall be confined to the bill and continue not
12 to exceed one hour, to be equally divided and controlled by

1 the chairman and ranking minority member of the Commit-
2 tee on Agriculture, the bill shall be read for amendment
3 under the five-minute rule. At the conclusion of the con-
4 sideration of the bill for amendment, the Committee shall
5 rise and report the bill to the House with such amendments
6 as may have been adopted and the previous question shall
7 be considered as ordered on the bill and amendments thereto
8 to final passage without intervening motion except one mo-
9 tion to recommit.

83^d CONGRESS
1ST SESSION

H. RES. 328

[Report No. 766]

RESOLUTION

Providing for the consideration of H. R. 4353, a bill to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

By Mr. ALLEN of Illinois

JULY 10, 1953

Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 16, 1953
For actions of July 15, 1953
83rd-1st, No. 131

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Education.....23	Natural resources.....20	Treaties.....25
Electrification.....16,29	Nominations.....4	Wheat.....32
Food inspection.....17,31	Peanuts.....34	Wildlife conservations.....9

HIGHLIGHTS: House passed supplemental appropriation bill. House received estimate for drought loans. Senate committee voted to report FCA reorganization bill. Senate committee reported Davis, Short, and Arnold nominations. Sen. Johnson, Tex., asked use of Sec. 32 funds for drought relief. House committee ordered reported public-for-private timber-land exchange bill.

SENATE

- 1. TAXATION.** Passed without amendment H. R. 5898, to continue the excess-profits tax until Dec. 31, 1953 (pp. 9093-4, 9098-100, 9102-28). This bill will now be sent to the President.
- 2. LAND TRANSFERS.** Passed without amendment S. 1400, to permit the Department to release the reversionary rights to a tract of rural-rehabilitation land in Wake County, N. C. (p. 9131).
Passed without amendment S. 2163, to transfer a cotton research station to N. C. (pp. 9131-2).
- 3. FOREIGN TRADE.** Agreed to, without amendment, S. Con. Res. 40, requesting the placing of the inscription "United States of America" on containers of American-made goods for export (pp. 9133-4).
- 4. NOMINATIONS.** The Agriculture and Forestry Committee reported the nominations of John H. Davis and Romeo E. Short to be Assistant Secretaries of Agriculture and Carl Raymond Arnold to be FCA Governor (p. 9101).
- 5. FCA REORGANIZATION.** The Agriculture and Forestry Committee ordered reported (but did not actually report) with amendments S. 1505, to reorganize FCA (p. D708).
- 6. DROUGHT RELIEF.** Sen. Johnson, Tex., commended the estimate of \$150,000,000 for drought-relief loans but also recommended use of Sec. 32 funds for this purpose (p. 9098).

7. APPROPRIATIONS. Passed without amendment H. J. Res. 294, to make funds available to the Small Defense Plants Administration for July 1953, after the measure had been reported by the Appropriations Committee (S. Rept. 582)(p. 9094). This measure will now be sent to the President.
Received from the President supplemental appropriation estimates for payment of claims for damages, audited claims, and judgments (S. Doc. 58); to Appropriations Committee (p. 9094).
8. PUBLIC LANDS. The Interior and Insular Affairs Committee reported without amendment H. R. 1308, to provide for mandatory issuance of land patents to certain adverse possessors and to broaden the discretionary power of the Secretary of the Interior to issue patents to parties who have paid taxes on certain public lands since 1901 (S. Rept. 588)(p. 9097).
9. WILDLIFE CONSERVATION. The Interior and Insular Affairs Committee reported without amendment H. R. 1571, to permit Federal employees to serve on the Alaska Game Commission if others are not available (S. Rept. 589)(p. 9097).
10. COMMITTEE ASSIGNMENT. Sen. Lennon was assigned to the Government Operations Committee (p. 9086).
11. PRICE SUPPORTS. Sen. Humphrey inserted a FU local resolution favoring use of PWA committees and a resolution from farmer cooperative elevators favoring "adequate" price supports (p. 9096).
12. LEGISLATIVE PROGRAM. The equal-rights amendment was made the unfinished business. Sen. Knowland announced that there will be a calendar call today and Sat. (pp. 9101-2, 9128, 9135-6.)

HOUSE

13. APPROPRIATIONS. Received from the President a supplemental appropriation estimate for 1954 of \$150,000,000 to this Department for drought-relief loans (H. Doc. 208); to Appropriations Committee (p. 9180).
Passed with amendments H. R. 6200, the supplemental appropriation bill, 1954 (pp. 9140-53). For items of interest, see Digest 127.
14. FORESTRY; LANDS. The Interior and Insular Affairs Committee ordered reported (but did not actually report) H. R. 4646, to permit Government acquisition of private lands in exchange for public forest lands of equal value in connection with Government reservoir and other projects; H. R. 6186, authorizing the Interior Department to grant a preference right to users of withdrawn public lands for grazing purposes when these are restored from the withdrawal; H. R. 3306, relating to reservation of mineral rights in land patented under the non-mineral land laws; and H. R. 2839, enabling the Hawaiian Home's Commission to exchange available lands, as designated by the act of 1920, for public lands (p. D712).
The Committee reported without amendment H. R. 6217, relating to mining claims located on land with respect to which a permit or lease has been issued under the mineral leasing laws, or known to be valuable for minerals subject to disposition under the mineral leasing laws (H. Rept. 840)(p. 9180).
The Committee reported with amendment H. R. 1797, providing for transfer of a tract of land to Okla. A&M College (H. Rept. 842)(p. 9181).
15. FARM LOANS. Received proposed legislation from this Department to continue authority for housing loans under Title V of the 1949 act; to Banking and Currency Committee (p. 9180).

Daily Digest

HIGHLIGHTS

Senate cleared for President excess-profits-tax extension and appropriations for Small Defense Plants Administration, ratified three NATO forces treaties, and passed numerous miscellaneous measures.

House passed supplemental appropriation bill and debated factory inspection bill.

Senate committees approved numerous bills and nominations.

House committee approved President's reorganization plans on foreign-aid functions and foreign information.

Senate

Chamber Action

Routine Proceedings, pages 9085-9086, 9094-9098

Bills Introduced: Five bills were introduced, as follows:
S. 2395 to S. 2399. Page 9097

Bills Reported: Reports were made as follows:

H. J. Res. 294, continuing the availability of appropriations for the Small Defense Plants Administration for the month of July 1953 (S. Rept. 582);

S. 2383, granting consent of Congress to a compact between New York and New Jersey, known as the Waterfront Commission Compact (S. Rept. 583);

S. 711, to grant easements for rights-of-way through parkway land along the C. & O. Canal, with an amendment (S. Rept. 584);

S. 2320, to change the date for the beginning of annual assessment work on mining claims in U. S. and Alaska (S. Rept. 585);

H. R. 127 and H. R. 947, private bills (S. Repts. 586 and 587);

H. R. 1308, to amend the Color of Title Act relating to public land patents (S. Rept. 588);

H. R. 1571, to permit appointment of Federal or Territorial employees to the Alaska Game Commission if no others are available (S. Rept. 589);

H. R. 2828, providing for termination of Federal supervision over the Menominee Indian Tribe of Wisconsin, with amendments (S. Rept. 590);

H. R. 3581, to facilitate public participation of sites, buildings, and objects of national significance and interest (S. Rept. 591);

H. R. 5705, providing for automatic renewal of term policies of U. S. Government and national service life insurance (S. Rept. 592). Pages 9094, 9097

Bills Referred: Two House-passed bills were referred to appropriate committees. Page 9097

Senator Sworn In: Senator Alton A. Lennon, of North Carolina, was sworn in to fill vacancy caused by death of Senator Smith. Page 9085

Committee Appointment: Senator Lennon was appointed to Committee on the District of Columbia and Committee on Government Operations. Page 9086

Status of Forces Treaty (NATO): By 72 yeas to 15 nays, Senate adopted resolution of ratification (with an amended reservation adopted yesterday) of executive agreement between parties of NATO regarding status of their forces, signed at London on June 19, 1951 (Exec. T, 82d Cong., 2d sess.).

By voice vote, Senate then adopted resolutions of ratification on (1) executive agreement on status of NATO, national representatives and international staff, signed at Ottawa on September 20, 1951, together with signed extract from summary record of meeting of NATO deputies (Exec. U, 82d Cong., 2d sess.); and (2) protocol on status of International Military Headquarters set up pursuant to NATO treaty, signed at Paris on August 28, 1952 (Exec. B, 83d Cong., 1st sess.). Pages 9086-9093

Appropriations—SDPA: Senate passed without amendment and cleared for President H. J. Res. 294, continuing the availability of appropriations for the Small Defense Plants Administration for the month of July 1953. Page 9094

D. C. Police and Firemen's Pay: Senate took from table and passed without amendment S. 2394, to amend the D. C. Police and Firemen's Salary Act of 1953. Pages 9093-9094

Excess-Profits Tax: Senate passed without amendment and cleared for President H. R. 5898, to extend until December 31, 1953, the period with respect to which the

excess-profits tax shall be effective, after rejecting, by 34 yeas to 52 nays, Williams amendment increasing excess-profits-tax exemption on corporate income from \$25,000 to \$100,000.

Pages 9093-9094, 9098-9100, 9102-9128

D. C. Business Properties: Senate passed H. R. 3087, to permit certain improvements to two business properties in the D. C., after adopting Case amendment providing that National Capital Planning Commission shall approve plans for such building changes.

Page 9128

Land Transfers: The following two land transfer bills were passed without amendment: S. 1400, to release the reversionary rights of the U. S. in a tract of land located in Wake County, N. C.; and S. 2163, to authorize conveyance of certain lands in the U. S. cottonfield station near Statesville, N. C.

Pages 9131-9132

Foreign Electric Power: S. 1442, to amend the Federal Power Act with respect to the jurisdiction of the FPC over persons and facilities engaged in the transmission or sale of electric energy to foreign countries, was passed by Senate with a committee amendment in the nature of a substitute.

Page 9132

Exports Labeling: S. Con. Res. 40, expressing the sense of Congress that export containers be marked with the words "United States of America," was passed without amendment.

Pages 9133-9134

Contempt Citation: Senate adopted S. Res. 139, citing Timothy J. O'Mara for contempt of Senate.

Pages 9134-9135

Highway Toll Charges: S. 2342, collection of tolls for the use of certain highway crossings across the Bay of San Francisco, was passed with a Kuchel amendment of a technical clarifying nature.

Page 9135

Equal Rights: Senate made its unfinished business S. J. Res. 49, proposing an amendment to the Constitution relative to equal rights for men and women.

Pages 9135-9136

Confirmations: The nominations of Spencer Miller, of New York, and of Harrison Hobart, of Texas, to be Assistant Secretaries of Labor, along with three other civilian nominations, were confirmed.

Page 9138

Nomination: The nomination of Glenn L. Emmons, of New Mexico, to be Commissioner of Indian Affairs, was received.

Page 9138

Program for Thursday: Senate recessed at 6:47 p. m. until noon Thursday, July 16, when it will call calendar from its beginning through order No. 522 (S. 2111, flying of flags in Flag House Square, Baltimore, Md.), to be followed by S. J. Res. 49, proposing amendment to Constitution relative to equal rights for men and women. (Senate was in recess from 1:41 p. m. to 3 p. m.)

Committee Meetings

(Committees not listed did not meet)

FARM CREDIT ADMINISTRATION, AND NOMINATIONS

Committee on Agriculture and Forestry: Committee, in executive session, ordered favorably reported with amendments S. 1505, to reorganize the Farm Credit Administration. Committee also approved the nominations of John H. Davis, of Virginia, and Romeo E. Short, of Arkansas, to be Assistant Secretaries of Agriculture, and Carl Raymond Arnold, of Ohio, to be Governor of the Farm Credit Administration, prior to which, in open hearings, the nominees were heard in behalf of their own nominations.

APPROPRIATIONS—MUTUAL SECURITY

Committee on Appropriations: Committee continued its executive hearings on the proposed budget estimates for the mutual security program, with testimony from Gen. Alfred M. Gruenther, Supreme Allied Commander, Europe. Hearings continue tomorrow.

APPROPRIATIONS—DEFENSE DEPARTMENT

Committee on Appropriations: Subcommittee, in executive session, began marking up for reporting to the full committee H. R. 5969, Defense appropriations for 1954, but did not complete its work and will meet again tomorrow.

MILITARY REAL-ESTATE PROJECTS

Committee on Armed Services: Subcommittee on Real Estate and Military Construction, in executive session, considered a classified Air Force overseas construction project, and in open session considered Army disposal project No. 12-A, Louisiana, Missouri, but made no announcements as to either, and recessed subject to call.

VETERANS' INSURANCE

Committee on Finance: Committee, in executive session, approved for reporting without amendment H. R. 5705, providing for automatic renewal of term policies of U. S. Government and national service life insurance. It postponed indefinitely H. R. 5407, to extend the bonding period on whisky from 8 to 12 years.

MINING CLAIMS, AND MISCELLANEOUS BILLS

Committee on Interior and Insular Affairs: Committee, in executive session, ordered favorably reported:

With an amendment in the nature of a substitute—S. 1397, to clarify the status of mining claims in area held under an oil and gas prospecting permit or lease, and to encourage the exploration and development of fissionable source minerals; S. 711, to grant easements for rights-of-way through parkway land along the C. & O. Canal; and H. R. 2828, providing for termination of Federal supervision over the Menominee Indian Tribe of Wisconsin; and

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 17, 1953
For actions of July 16, 1953
83rd-1st, No. 132

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FCA reorganization.....1		

HIGHLIGHTS: House passed FCA reorganization bill. Senate confirmed Davis, Short, and Arnold nominations. House passed food-drug inspection bill.

HOUSE

1. FCA REORGANIZATION. Passed as reported H. R. 4353, to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions (pp. 9258-67).
2. FOOD INSPECTION. Passed without amendment H. R. 5740, to restore the factory-inspection authority of the Food and Drug Administration (pp. 9239-58).
3. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 6185, to amend the Veterans' Preference Act of 1944 with respect to preference accorded in Federal employment to disabled veterans (H. Rept. 849)(p. 9271).
4. FOREIGN-AID APPROPRIATIONS. Received from the President a supplemental appropriation estimate of \$5,124,512,132 to carry out the Mutual Security Act of 1953 (H. Doc. 209)(p. 9271); to Appropriations Committee.
5. MEAT PRICES. Rep. Poff criticized the spread between producer and consumer prices of meat (p. 9236).
6. FOREIGN TRADE. Rep. Lane objected to efforts to curb imports (pp. 9236-7).
7. MONETARY POLICIES. Rep. Patman claimed the current policy is "hard-money, high-interest, hard-times" (pp. 9268-70).

SENATE

8. NOMINATIONS of John H. Davis and Romeo E. Short as Assistant Secretaries of Agriculture, and Carl Raymond Arnold as FCA Governor, were confirmed (pp. 9183, 9235).
9. ACCOUNTING. The Government Operations Committee reported without amendment H. R. 5228, to provide annuities for retired Comptrollers General (S.Rept. 594) (p. 9184).
10. SMALL BUSINESS. The Banking and Currency Committee ordered reported (but did not actually report) with amendments S. 1523, to create a Small Business Administration (p. D716).
11. DROUGHT RELIEF; WATER CONSERVATION. Sen. Johnson inserted two newspaper editorials discussing Texas' need for conservation and proper distribution of its water, and an editorial favoring drought aid (pp. 9187-8).
12. LAND CONDEMNATION. Discussed and, at Sen. Hendrickson's request, passed over S. 1857, relating to condemnation of lands affecting water rights (p. 9197).
13. FUR LOANS. Discussed and, at Sen. Williams' and Sen. Langer's requests, passed over S. 1152, to extend for 5 years the authority of USDA to make loans to fur farmers (pp. 9198, 9202).
14. HOUSING LOANS. Received from this Department a proposed bill to continue the authority under Title V of the Housing Act of 1949; to Banking and Currency Committee (p. 9184).

BILLS INTRODUCED

15. COTTON IMPORTS. S. 2402, by Sen. Gore, providing that cotton presented for entry into the U. S. be classified by the Department of Agriculture; to Finance Committee (p. 9185).
16. MEAT PACKERS. S. 2404, by Sen. Dworshak, to authorize the Secretary of Agriculture to require reasonable bonds from packers; to Agriculture and Forestry Committee (p. 9185).
17. COTTON QUOTAS. H. R. 6337, by Rep. Abernethy, and H. R. 6338, by Rep. Jones, Mo., to amend the marketing-quota law for cotton; to Agriculture Committee (p. 9272).
- by Rep. McGregor,
18. BUILDINGS. H. R. 6342, to amend the Public Buildings Act of 1949 to authorize GSA to acquire title to real property and to provide for construction thereon of certain buildings by executing purchase contracts; to Public Works Committee (p. 9272).

ITEMS IN APPENDIX

19. COTTON. Extension of remarks of Rep. Hageh, Calif., favoring a greater cotton quota for Calif. and including BAE statistics showing that Calif. has a larger percentage of small land ownerships than 16 Southern States (p. A4635).
20. FARM POLICY. Rep. Hope inserted John H. Davis' speech before the American Seed Trade Assn. discussing farm policy (pp. A4632-5).
21. BUDGETING; EXPENDITURES. Rep. Coudert inserted a newspaper editorial criticizing Government "waste and extravagance" and favoring legislation to limit spending to anticipated income (p. A4637).

Calendar No. 597

83D CONGRESS
1ST SESSION

H. R. 4353

IN THE SENATE OF THE UNITED STATES

JULY 17 (legislative day, JULY 6), 1953

Read twice and ordered to be placed on the calendar

AN ACT

To increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE

4 SECTION 1. This Act may be cited as the "Farm Credit
5 Act of 1953".

6 DECLARATION OF POLICY

7 SEC. 2. It is declared to be the policy of the Congress
8 to encourage and facilitate increased borrower participation

1 in the management, control, and ultimate ownership of the
2 permanent system of agricultural credit made available
3 through institutions operating under the supervision of the
4 Farm Credit Administration, and the provisions of this Act
5 shall be construed in keeping with this policy. The Federal
6 Farm Credit Board hereinafter provided for shall within one
7 year after appointment make recommendations to the Con-
8 gress of means, supplemental to those provided by this Act,
9 of carrying into effect such declared policy, including, but not
10 limited to, means of increasing borrower participation in
11 ownership of the Federal Farm Credit System to the end
12 that the investment of the United States in the Federal inter-
13 mediate credit banks, production credit corporations, Central
14 Bank for Cooperatives, and regional banks for cooperatives
15 may be retired.

16 FARM CREDIT ADMINISTRATION

17 SEC. 3. The Farm Credit Administration shall be in
18 the Department of Agriculture. The Secretary of Agriculture
19 shall report to the President with respect to the operations
20 and functions of the Farm Credit Administration. The Fed-
21 eral Farm Credit Board, hereinafter provided for, shall have
22 direction, supervision, and control of the Farm Credit Ad-
23 ministration and of its operations and functions, as in this
24 Act provided.

FEDERAL FARM CREDIT BOARD

SEC. 4. (a) There shall be established, in the Farm Credit Administration, a Federal Farm Credit Board (hereinafter referred to as the "Board"). Said Board shall consist of thirteen members, as long as government capital remains in the system and twelve members when all such capital shall have been retired. Twelve of the members, one from each of the farm credit districts of the United States, shall be known as appointed members and shall be appointed by the President with the advice and consent of the Senate. In making appointments to the Board the President shall have due regard to a fair representation of the public interest, the welfare of all farmers and the various types of cooperative agricultural credit interests; shall give special consideration to persons who are experienced in cooperative agricultural credit; and shall, before making such appointments, receive and consider nominations made as follows: The national farm loan associations in the district shall designate one nominee, the production credit associations in the district shall designate one nominee, and the cooperatives which are stockholders or subscribers to the guaranty fund of the bank for cooperatives of the district shall designate one nominee, in accordance with the procedure prescribed in sections 5 (e) and 5 (f) of the Farm Credit Act of 1937

1 for the nomination and election of members of a district farm
2 credit board, except that only two persons receiving the
3 highest number of votes shall be included in the list of
4 nominees prepared as a result of the voting under the pro-
5 cedure prescribed in said section 5 (e) : *Provided*, That the
6 names of all those who are tied for second place as a result of
7 said voting shall be included in the list; and in case of a
8 tie in the voting under the procedure prescribed in said sec-
9 tion 5 (f) the procedure prescribed therein shall be fol-
10 lowed again until the tie is broken: *And provided further*,
11 That if the same person would otherwise be on the list of
12 nominees of more than one of said groups as a result of the
13 voting under said section 5 (e) he may choose the one list on
14 which his name shall appear, and otherwise his name shall
15 appear only on the list of the two highest nominees of the
16 group which gave him the highest percentage of its votes.
17 Subsequent appointments shall be made after receiving and
18 considering nominations made in like manner.

19 (b) Each appointed member of said Board shall be a
20 citizen of the United States and shall have been a resident
21 of the farm credit district from which appointed for not
22 less than ten years next preceding his appointment, and the
23 removal of residence from the district during his tenure shall
24 operate as a termination of his membership on said Board.
25 No appointed member of said Board shall be eligible to serve

1 for more than one full term of six years, and, in addition, a
2 term of less than six years if he is one of the first members
3 to be appointed, or is appointed to fill, the unexpired por-
4 tion of one term expiring before his appointment to a full
5 term. No person shall be eligible for nomination or appoint-
6 ment to membership as an appointed member on said Board
7 if such person has within one year next preceding the com-
8 mencement of the term been a salaried officer or employee of
9 the Farm Credit Administration, or a salaried officer or
10 employee of any corporation operating under the supervision
11 of the Farm Credit Administration. Any person who is a
12 member of the district farm credit board when appointed as
13 a member of the Federal Farm Credit Board shall resign as
14 a member of the district board before assuming his duties as
15 a member of the Federal Farm Credit Board. No person
16 who becomes an appointed member of said Board shall be
17 eligible to continue to serve as a member thereof if such
18 person becomes a member of any district farm credit board,
19 or an officer or employee of the Farm Credit Administration,
20 or an officer or employee of any corporation operating under
21 the supervision of the Farm Credit Administration.

22 (c) The term of office of the appointed members of said
23 Board shall be six years, beginning with the first day of the
24 calendar month in which this Act takes effect, and such
25 members shall serve until their successors are duly appointed

1 and qualified; however, of the first appointed members ap-
2 pointed hereunder, two shall be appointed for a term of one
3 year from said date, two for a term of two years, two for a
4 term of three years, two for a term of four years, two for
5 a term of five years, and two for a term of six years. All
6 vacancies in the offices of appointed members on said Board
7 shall be filled for the unexpired portion of the term upon
8 like nominations and by like appointments as herein provided
9 for the appointment of the first such members of said Board.

10 (d) So long as there is Government capital in the
11 system, the thirteenth member of the Board shall be desig-
12 nated by the Secretary of Agriculture, shall serve at the
13 pleasure of the Secretary, and shall be known as the Secre-
14 tary's representative on said Board. He shall be a citizen
15 of the United States and shall have been a resident of the
16 United States for not less than ten years next preceding his
17 designation to membership on said Board. No person shall
18 be eligible to be designated by the Secretary or to serve as
19 the Secretary's representative on said Board, if such person
20 is a member of a district farm credit board, an officer or
21 employee of any corporation operating under the supervision
22 of the Farm Credit Administration. The Secretary's repre-
23 sentative shall not be eligible to serve as chairman, vice
24 chairman, or secretary of the Board, but shall otherwise
25 possess all rights and privileges of membership on said Board.

1 (e) As soon as practicable after the memberships on
2 said Board have been filled as in this Act provided, the
3 members of said Board shall meet, subscribe the oath of
4 office, and organize by electing from the appointed members
5 a chairman and a vice chairman; and said Board shall ap-
6 point a secretary from within or without its membership
7 as it may see fit. The Board shall elect annually for a
8 term of one year the chairman, vice chairman, and secre-
9 tary, who shall serve until their successors are elected and
10 take office. The chairman shall preside at all meetings and
11 the vice chairman shall preside in the absence or disabil-
12 ity of the chairman. The Board may, in the absence of
13 both the chairman and vice chairman, elect any appointed
14 member to act as chairman pro tempore. Seven members
15 shall constitute a quorum of the Board for the transac-
16 tion of business. The Board may function notwithstanding
17 vacancies provided a quorum as herein established shall be
18 present. The Board shall meet at such times and places
19 as it may fix and determine, but shall hold at least four
20 regularly scheduled meetings a year; and special meetings
21 may be held on call of the chairman or any three members
22 of the Board.

23 (f) Each member of the Board shall receive the sum of
24 \$50 for each day or part thereof spent in the performance
25 of his official duties, which compensation, however, shall not

1 be paid for more than seventy-five days (or parts of days)
2 in any calendar year; and shall not be paid to the Secretary's
3 representative if he is a full-time officer or employee of the
4 United States, or such payment is otherwise prohibited by
5 law; and in addition, shall be reimbursed for necessary travel,
6 subsistence, and other expenses incurred in the discharge of
7 his official duties, without regard to other laws with respect
8 to allowances which may be made on account of travel and
9 subsistence expenses of officers and employed personnel of
10 the United States.

11 (g) The Board shall adopt such rules as it may see fit
12 for the transaction of its business, and shall keep permanent
13 and complete records and minutes of its acts and proceedings.

14 GOVERNOR OF FARM CREDIT ADMINISTRATION

15 SEC. 5. (a) The Board shall appoint a Governor of the
16 Farm Credit Administration (hereinafter referred to as the
17 "Governor") who shall serve at the pleasure of the Board,
18 and who shall, subject to the general supervision and direc-
19 tion of the Board as to matters of a broad and general super-
20 visory, advisory, or policy nature, and except as otherwise
21 herein specifically provided, be responsible for the execution
22 of this Act, all Acts amendatory thereof and supplemental
23 thereto, and all Acts creating the powers, functions, and
24 duties of the Farm Credit Administration: *Provided, how-*
25 *ever,* That pending retirement of Government capital in

1 institutions supervised by the Farm Credit Administration,
2 the appointment of the Governor shall be subject to the
3 approval of the President; and during such period the Presi-
4 dent shall have power to require the removal of the Governor.

5 (b) The Board shall fix the compensation of the Gov-
6 ernor: *Provided*, That the salary of the Governor shall not
7 exceed \$17,500 a year, together with necessary traveling
8 and subsistence expenses, or per diem allowance in lieu
9 thereof within the limitations prescribed by law, while
10 away from his official station upon official business.

11 (c) It shall be the duty of the Governor to comply
12 with all orders and directions which he receives from the
13 Board; as to all third persons, all acts of the Governor
14 shall be conclusively presumed to be in compliance with
15 the orders and directions of the Board.

16 (d) The Governor shall appoint such other personnel
17 as may be necessary to carry out the functions, powers, and
18 duties vested in the Farm Credit Administration. The
19 Farm Credit Administration shall consist of the Board, the
20 Governor, and such other personnel as are employed in
21 carrying out the functions, powers, and duties vested in
22 the Farm Credit Administration. All functions, powers, and
23 duties of the Farm Credit Administration, except those herein
24 conferred upon the Board, shall be exercised and performed

1 by the Governor and may be exercised and performed by
2 him through such officers and employees of the Farm Credit
3 Administration as he shall designate.

4 (e) The term of office of the incumbent of the office
5 of Governor of the Farm Credit Administration appointed
6 before the effective date of this Act and holding office on
7 that date shall terminate on that date and said office shall
8 thereby become vacant: *Provided*, That if as of that date
9 a Governor has not been appointed, and qualified, under this
10 Act, the Secretary of Agriculture shall designate an assistant
11 to the Secretary to serve as Acting Governor of the Farm
12 Credit Administration and such Acting Governor shall exer-
13 cise and perform all functions, powers, and duties vested in
14 the Farm Credit Administration until the appointment and
15 qualification of a Governor as in this Act provided. The
16 Acting Governor shall be subject to the powers of the Board
17 when the Board has been appointed and qualified.

18 RESPONSIBILITIES OF THE BOARD

19 SEC. 6. It shall be the function and duty of the Board
20 (1) to see that the policies fixed by the Board hereunder are
21 carried out; (2) to require such reports as it deems nec-
22 essary from the Governor and from any of the officials or
23 corporations under the control or supervision of the Farm
24 Credit Administration; (3) to make an annual report to
25 Congress, including therein any recommendations of amend-

1 ments to the laws relative to Federal agricultural credit;
2 and (4) to exercise general direction and supervision over
3 the performance of all functions, powers, and duties vested
4 in the Governor when relating in the judgment of the
5 Board to matters of a broad and general supervisory, ad-
6 visory, or policy nature. It shall function as a unit with-
7 out delegating authority to individual members and shall
8 not operate in an administrative capacity; and all admin-
9 istrative powers, functions, and duties of the Farm Credit
10 Administration shall be exercised and performed by the
11 Governor.

12 OFFICES ABOLISHED AND FUNDS TRANSFERRED

13 SEC. 7. (a) The offices of the Land Bank Commissioner,
14 Production Credit Commissioner, Cooperative Bank Com-
15 missioner, and Intermediate Credit Commissioner are hereby
16 abolished. The Governor shall designate an officer or em-
17 ployee of the Farm Credit Administration to serve at the
18 pleasure of the Governor as a member of the Board of Direc-
19 tors of the Central Bank for Cooperatives, as chairman of said
20 board of directors, and as executive officer of said bank, in
21 lieu of the Cooperative Bank Commissioner. The Governor
22 shall designate an officer or employee of the Farm Credit
23 Administration to serve at the pleasure of the Governor as
24 a member of the board of directors of the Federal Farm
25 Mortgage Corporation, in lieu of the Land Bank Commis-

1 sioner. The Federal Farm Mortgage Corporation and its
2 functions and activities are hereby transferred to the Farm
3 Credit Administration and shall be administered therein under
4 the general direction and supervision thereof.

5 (b) Employees in the Department of Agriculture who
6 are being utilized on the effective date of this Act primarily
7 for the performance of functions, powers, and duties hereto-
8 fore or by this Act vested in the Farm Credit Administration,
9 shall be transferred to the jurisdiction and control of the
10 Farm Credit Administration in those instances in which the
11 Governor determines that they are qualified and necessary
12 to carry out the functions, powers, and duties of the Farm
13 Credit Administration.

14 (c) All assets, funds, contracts, property, and records
15 used and employed in the execution of the functions, powers,
16 and duties heretofore or by this Act vested in the Farm
17 Credit Administration are hereby transferred to the juris-
18 diction and control of the Farm Credit Administration.

19 (d) So much of the unexpended balances of appropria-
20 tions, allocations, and other funds available or to be made
21 available for salaries, expenses, and all other administrative
22 expenditures as the Director of the Bureau of the Budget
23 shall determine for use in the execution of the functions
24 heretofore or by this Act vested in the Farm Credit Admin-

1 istration, shall be transferred to and vested in the Farm
2 Credit Administration.

3 (e) All unexpended balances of appropriations, alloca-
4 tions, or other funds, other than those mentioned in sub-
5 section (d) of this section, available (including those avail-
6 able for the fiscal year ending June 30, 1953) for the Farm
7 Credit Administration and/or for the Secretary of Agricul-
8 ture on account of the functions and activities of Farm Credit
9 Administration, shall be transferred to the Farm Credit
10 Administration and shall remain available for the exercise of
11 the functions and activities of the Farm Credit Adminis-
12 tration.

13 DELEGATIONS TO DISTRICT INSTITUTIONS

14 SEC. 8. The Farm Credit Administration is authorized
15 and directed, by order or rules and regulations, to delegate
16 to a Federal land bank such of the duties, powers, and
17 authority of the Farm Credit Administration with respect to
18 and over National Farm Loan Associations, their officers
19 and employees, in the farm credit district wherein such Fed-
20 eral land bank is located, as may be determined to be in
21 the interest of effective administration; and, in like manner,
22 to delegate to a production credit corporation such of the
23 duties, powers, and authority of the Farm Credit Adminis-
24 tration with respect to and over production credit associations,

1 their officers and employees, in the farm credit district
2 wherein such production credit corporation is located, as
3 may be determined to be in the interest of effective adminis-
4 tration; and, in either case the duties, powers, and authority
5 so delegated shall be performed and exercised under such
6 conditions and requirements and upon such terms as the
7 Farm Credit Administration may specify. Any Federal land
8 bank or production credit corporation to which any such
9 duties, powers, or authority may be delegated is hereby
10 authorized and empowered to accept, perform, and exercise
11 such duties, powers, and authority as may be so delegated
12 to it.

13 DIVISION OF COOPERATIVE MARKETING TRANSFERRED

14 SEC. 9. There is hereby transferred from the Farm
15 Credit Administration to the jurisdiction and control of the
16 Secretary of Agriculture the Division of Cooperative Market-
17 ing (by whatever name now called) authorized and created
18 under and by virtue of an Act of Congress of July 2, 1926
19 (Public, Numbered 450, sixty-ninth Congress), entitled "An
20 Act to create a Division of Cooperative Marketing in the
21 Department of Agriculture; to provide for the acquisition
22 and dissemination of information pertaining to cooperation;
23 to promote the knowledge of cooperative principles and
24 practices; to provide for calling advisers to counsel with
25 the Secretary of Agriculture on cooperative activities; to

1 authorize cooperative associations to acquire, interpret, and
2 disseminate crop and market information, and for other
3 purposes", together with all functions pertaining to the
4 work and services of such Division, its personnel, property
5 (including office equipment), assets, funds, contracts, and
6 records used and employed in the execution of its functions,
7 powers, and duties, and so much of the unexpended balances
8 of appropriations, allocations, and other funds available or
9 to be made available for salaries, expenses, and all other
10 administrative expenditures as the Director of the Bureau of
11 the Budget shall determine, for use in the execution of the
12 functions, powers, and duties of said Division.

13 FRANCHISE TAX PROVISIONS

14 SEC. 10. Section 23 of the Federal Farm Loan Act, as
15 amended, is further amended by adding at the end thereof a
16 new paragraph as follows:

17 "Notwithstanding any other provision of this Act, in the
18 case of a Federal land bank having outstanding capital stock
19 held by the United States during the whole or any part of a
20 fiscal year, said bank shall, after complying with the reserve
21 requirements of the preceding paragraphs of this section and
22 before declaring any dividends to shareholders, pay to the
23 United States a franchise tax equal to 25 per centum of its
24 net earnings then remaining, not to exceed, however, a rate
25 of return of such Government capital equal to the average

1 net interest cost of financing direct obligations of the United
2 States during the fiscal year of the United States ending next
3 before such tax is due (such rate to be determined by the
4 Farm Credit Administration upon the basis of data obtain-
5 able from the Secretary of the Treasury).”

6 SEC. 11. Section 6 of the Farm Credit Act of 1933 is
7 amended by adding at the end thereof a new paragraph as
8 follows:

9 “(e) Each production credit corporation shall, at the
10 end of each fiscal year (1) apply its earnings described in
11 subsection (c) of this section in accordance with the pro-
12 visions of subsections (c) and (d) of this section; and (2)
13 apply its earnings from all other sources, first, to the pay-
14 ment of any operating expenses for the year remaining
15 unpaid; second, to restore losses and impairment of capital,
16 if any, of the corporation; third, to the creation and mainte-
17 nance of a surplus equal to 25 per centum of the paid-in
18 capital of the corporation; fourth, to the payment of 25 per
19 centum of its earnings from all sources then remaining to the
20 United States as a franchise tax, and fifth, to the payment
21 of the remaining earnings into its surplus account.”

22 SEC. 12. Section 36 of the Farm Credit Act of 1933 is
23 amended to read as follows:

24 “The Central Bank for Cooperatives shall, at the end of
25 its fiscal year, apply the amount of its earnings in excess of

1 operating expenses during such fiscal year: First, to making
2 up any losses incurred; second, to the restoration of the
3 amount of the impairment, if any, of capital and guaranty
4 fund as determined by the chairman of the board; third,
5 25 per centum of the remainder of such excess of earnings
6 shall be applied to the creation and maintenance of a surplus
7 equal to at least 25 per centum of the amount of the capital
8 and guaranty fund; fourth, if said bank shall have outstanding
9 capital stock held by the United States during the whole or
10 any part of the fiscal year, it shall next pay to the United
11 States as a franchise tax, a sum equal to 25 per centum of
12 its net earnings then remaining, not exceeding, however, a
13 rate of return on such Government capital equal to the aver-
14 age net interest cost of financing direct obligations of the
15 United States during the fiscal year of the United States
16 ending next before such tax is due (such rate to be deter-
17 mined by the Farm Credit Administration upon the basis
18 of data obtainable from the Secretary of the Treasury) ; and
19 fifth, any sums remaining shall be carried into its surplus
20 account or devoted to the payment of dividends, as may be
21 determined by the chairman of the board. Subscribers to the
22 guaranty fund shall be entitled to dividends in the same
23 amounts as the subscribers to the stock. No rate of dividend
24 in excess of 7 per centum per annum shall be paid. Dividends
25 on stock held by the Farm Credit Administration or the

1 Governor thereof, when paid, shall be credited to the revolving fund created under section 6 of the Agricultural Marketing Act, as amended.”

4 SEC. 13. Section 42 of the Farm Credit Act of 1933 is amended to read as follows:

6 “The provisions of section 35, as amended, and the provisions of section 36, as amended, shall apply in the case of Banks for Cooperatives in the same manner and to the same extent as such provisions are applicable to the Central Bank for Cooperatives, except that powers conferred on the chairman of the Board of the Central Bank for Cooperatives shall be exercised by the Boards of Directors of the Banks for Cooperatives, subject to the approval of the Farm Credit Administration.”

15 MEMBERSHIP OF DISTRICT FARM CREDIT BOARDS

16 SEC. 14. Section 5 (b) of the Farm Credit Act of 1937 is amended to read as follows:

18 “(b) There shall be in each farm credit district a farm credit board which shall be selected as hereinafter specified and shall be composed of seven members. Each farm credit board shall include in its title the name of the city in which the Federal land bank, Federal intermediate credit bank, production credit corporation, and regional bank for cooperatives of the district are located. Three of the seven members of said board shall be known as elected

1 directors, of whom one shall be chosen by national farm
2 loan associations, one shall be chosen by production credit
3 associations of the district, and one shall be chosen by co-
4 operatives which are stockholders or subscribers to the
5 guaranty fund of the regional bank for cooperatives in the
6 district. Subject to the other provisions hereof, three of
7 the seven members shall be known as district directors and
8 shall be appointed by the Governor of the Farm Credit
9 Administration by and with the advice and consent of the
10 Federal Farm Credit Board. The seventh member of such
11 board shall be known as director-at-large and shall be ap-
12 pointed by the Governor of the Farm Credit Administra-
13 tion by and with the advice and consent of the Federal
14 Farm Credit Board. No person shall be eligible hereafter
15 for nomination or appointment to membership as an ap-
16 pointed member on said Board if such person has within one
17 year next preceding the commencement of the term been a
18 salaried officer or employee of the Farm Credit Administra-
19 tion, or a salaried officer or employee of any corporation
20 operating under the supervision of the Farm Credit Ad-
21 ministration. Each farm credit board shall elect from
22 its members a chairman and vice chairman, and shall
23 appoint a secretary from within or without its member-
24 ship as it may see fit. The chairman, vice chairman, and
25 secretary shall each be elected for a term of one year and until

1 their successors are elected and take office and the board
2 shall elect such officers each year. The chairman shall
3 preside at all meetings and the vice chairman shall preside
4 in the absence or disability of the chairman. The board
5 may, in the absence of both the chairman and vice chair-
6 man, elect a member to act as chairman pro tempore.”

7 SEC. 15. Section 5 of the Farm Credit Act of 1937 is
8 amend by striking out the entire text of subdivision (d)
9 thereof and inserting in lieu thereof the following:

10 “(d) (1) The member of the farm credit board of each
11 farm credit district known as the ‘third district director,’ who
12 is in office on the effective date of this Act, shall serve as
13 such until his term of office expires. Thereafter, there shall
14 be no member of the district farm credit board to be known
15 as the ‘third district director’.

16 “(2) Notwithstanding the above provision with respect
17 to the appointment of district directors, one additional mem-
18 ber of said board shall be elected by each of the groups
19 aforesaid (national farm loan associations and borrowers
20 through agencies, production credit associations, and coopera-
21 tives which are stockholders or subscribers to the guaranty
22 fund of the regional bank for cooperatives of the district),
23 and serve in lieu of a district director, under the following
24 circumstances and conditions:

25 “(A) Whenever, as determined by the Farm Credit

1 Administration, the sum of the capital stock held by national
2 farm loan associations, surplus, and reserves of a Federal
3 land bank shall equal or exceed $66\frac{2}{3}$ per centum of the total
4 of the capital stock, surplus, and reserves of such bank as of
5 the date three months before the expiration of the term of
6 office of the district director (or third district director)
7 whose term next expires, the successor to such director shall
8 be elected by the national farm loan associations of the
9 district in the manner herein provided, shall be known as an
10 elected director, and successors to that office shall be so
11 elected and known from term to term while such conditions
12 obtain: *Provided*, That if and when, as determined by the
13 Farm Credit Administration, such conditions do not obtain
14 as of the date three months before the expiration of the term
15 of office of any director so elected under the provisions of
16 this subparagraph, the successor to such director shall be
17 appointed by the Governor of the Farm Credit Administra-
18 tion by and with the advice and consent of the Federal Farm
19 Credit Board, shall be known as a district director, and suc-
20 cessors to that office shall be so appointed and known from
21 term to term for such terms as appointment is not precluded
22 by the election of an additional director by one of the groups
23 aforesaid as herein provided: *And provided further*, That
24 such national farm loan associations shall again and from
25 time to time elect one additional director as aforesaid if and

1 when the required conditions named in this subparagraph
2 shall be determined to obtain as aforesaid.

3 “(B) Whenever, as determined by the Farm Credit
4 Administration, the sum of the capital stock held by persons
5 other than the production credit corporation of the district,
6 surplus, and reserves of the production credit associations
7 (collectively) of a farm credit district shall equal or exceed
8 $66\frac{2}{3}$ per centum of the total of the capital stock, surplus,
9 and reserves of the production credit associations (collec-
10 tively) of said district as of the date three months before the
11 expiration of the term of office of the district director (or
12 third district director) whose term next expires, the successor
13 to such director shall be elected by the production credit
14 associations of the district in the manner herein provided,
15 shall be known as an elected director, and successors to that
16 office shall be so elected and known from term to term while
17 such conditions obtain: *Provided*, That, if and when, as
18 determined by the Farm Credit Administration, such con-
19 ditions do not obtain as of the date three months before the
20 expiration of the term of office of any director so elected
21 under the provisions of this subparagraph, the successor to
22 such director shall be appointed by the Governor of the
23 Farm Credit Administration by and with the advice and
24 consent of the Federal Farm Credit Board, shall be known
25 as a district director, and successors to that office shall be so

1 appointed and known from term to term for such terms as
2 appointment is not precluded by the election of an addi-
3 tional director by one of the groups aforesaid as herein pro-
4 vided: *And provided further*, That such production credit
5 associations shall again and from time to time elect one ad-
6 ditional director as aforesaid, if and when the required con-
7 ditions named in this subparagraph shall be determined to
8 obtain as aforesaid.

9 “(C) Whenever, as determined by the Farm Credit
10 Administration, the sum of the capital stock and subscriptions
11 to the guaranty fund held by cooperatives which are stock-
12 holders or subscribers to the guaranty fund of a regional bank
13 for cooperatives, surplus and reserves of said bank shall equal
14 or exceed $66\frac{2}{3}$ per centum of the total capital stock, sub-
15 scriptions to the guaranty fund, surplus and reserves of said
16 bank as of the date three months before the expiration of
17 the term of office of the district director (or third district
18 director) whose term next expires, the successor to such
19 director shall be elected by the cooperatives which are stock-
20 holders or subscribers to the guaranty fund of said bank in the
21 manner herein provided, shall be known as an elected
22 director, and successors to that office shall be so elected and
23 known from term to term while such conditions obtain:
24 *Provided*, That if and when, as determined by the Farm
25 Credit Administration, such conditions do not obtain as of

1 the date three months before the expiration of the term of
2 office of any director so elected under the provisions of this
3 subparagraph, the successor to such director shall be ap-
4 pointed by the Governor of the Farm Credit Administration
5 by and with the advice and consent of the Federal Farm
6 Credit Board, shall be known as a district director, and
7 successors to that office shall be so appointed and known from
8 term to term for such terms as appointment is not precluded
9 by the election of an additional director by one of the groups
10 aforesaid as herein provided: *And provided further*, That
11 such cooperatives which are stockholders or subscribers to
12 the guaranty fund of said bank shall again and from time to
13 time elect one additional director as aforesaid if and when
14 the required conditions named in this subparagraph shall be
15 determined to obtain as aforesaid: *Provided*, That at no time
16 and under no conditions shall there be in office less than one
17 or more than two members of said board who are serving
18 by election of any one of the groups aforesaid (national farm
19 loan associations and borrowers through agencies, production
20 credit associations, and cooperatives which are stockholders
21 or subscribers to the guaranty fund of the regional bank for
22 cooperatives of the district) : *And provided further*, That if
23 two or more of said groups shall, under the terms and pro-
24 visions hereof, become qualified to elect an additional director

1 pending the expiration of the term of office of the district
2 director (or third district director) whose term next expires,
3 preference shall be given, first to national farm loan associa-
4 tions and borrowers through agencies, next to production
5 credit associations, and next to cooperatives which are stock-
6 holders or subscribers to the guaranty fund of the regional
7 bank for cooperatives, to elect an additional director as herein
8 provided as the terms of office of district directors, including
9 the third district director if he be still in office, expire.”

10 SEC. 16. (a) Any other provisions of law to the con-
11 trary notwithstanding after the effective date of this Act
12 any production credit association may, with the approval of
13 the President of the Production Credit Corporation and of
14 the Farm Credit Administration, issue nonvoting preferred
15 stock, to be known as class C stock, which may be purchased
16 and held by production credit corporations and by investors:
17 *Provided*, That the issuance of such stock shall be authorized
18 by vote of not less than two-thirds of the outstanding shares
19 of class A stock of the association (other than shares held
20 by the Production Credit Corporation) by the holders thereof
21 in person or by proxy and by vote of not less than two-
22 thirds of the outstanding shares of class B stock of the asso-
23 ciation by the holders thereof in person or by proxy; and
24 for this purpose holders of class A stock (other than the

1 Production Credit Corporation) and holders of class B stock
2 shall be entitled to one vote for each share of stock held
3 by them.

4 (b) Such class C stock of such associations shall be
5 divided into shares of \$5 each. The resolution of the stock-
6 holders authorizing the issuance of class C stock and every
7 certificate of class C stock issued shall state and express the
8 privileges, restrictions, limitations, and qualifications affect-
9 ing said stock, and the total amount of the authorized issue
10 to which it belongs.

11 (c) Such class C stock may (1) be made subject to re-
12 demption in such manner, at such time or times, and at such
13 price or prices; (2) be given such preferences as to net
14 assets upon dissolution of the corporation, whether volun-
15 tary or involuntary; (3) be given the right to receive such
16 cumulative or noncumulative dividends payable quarterly,
17 semiannually, or annually, and payable as a whole or in part
18 before any dividend shall be set apart for or paid on class A
19 and class B stock; and (4) be made subject to such other
20 restrictions, limitations, and qualifications; as shall be stated
21 and expressed in the resolution of the stockholders authoriz-
22 ing the issuance thereof and in the face of the stock certifi-
23 cates.

1 APPROPRIATIONS AND EXPENDITURES

2 SEC. 17. (a) There are authorized to be appropriated
3 such sums as may be necessary or appropriate for administer-
4 ing the provision of this Act: *Provided*, The cost of examina-
5 tion and of administrative supervision of the Farm Credit
6 Administration shall continue to be supported by assess-
7 ments against institutions supervised by the Farm Credit
8 Administration as provided in the Department of Agriculture
9 Organic Act of 1944.

10 (b) Farm Credit Administration may, within the limits
11 of funds available therefor, and subject to provisions of law
12 generally applicable to government agencies, make necessary
13 expenditures for personnel services and rent at the seat of
14 government and elsewhere; contract stenographic reporting
15 services; purchase and exchange of lawbooks, books of
16 reference, periodicals, newspapers, expenses of attendance at
17 meetings and conferences; purchase, operation, and main-
18 tenance, at the seat of government and elsewhere, of motor-
19 propelled passenger-carrying vehicles and other vehicles;
20 printing and binding; and for such other facilities and services
21 as it may from time to time find necessary for the proper
22 administration of this Act.

23 SEC. 18. This Act shall take effect one hundred and

1 twenty days after the date of its enactment: *Provided, how-*
2 *ever,* That immediately following the enactment of this Act
3 the Farm Credit Administration shall proceed with the
4 designation of nominees as provided in section 4 (a) hereof
5 and the members of the Federal Farm Credit Board shall be
6 appointed or designated sufficiently in advance of the effective
7 date of this Act to enable said Board to prepare to enter
8 upon the discharge of its duties upon the effective date of
9 this Act; and after the effective date of this Act, the com-
10 pensation and expenses of the Board members shall be paid,
11 as provided herein, from the date on which their appoint-
12 ments became effective, out of any funds available for the
13 payment of administrative expenses of the Farm Credit
14 Administration.

15 SEC. 19. All Acts or parts of Acts inconsistent with the
16 provisions of this Act are hereby repealed to the extent of
17 such inconsistency.

18 SEC. 20. (a) If any provision of this Act, or the ap-
19 plication thereof to any person or circumstances, is held
20 invalid, the remainder of the Act, and the application of
21 such provisions to other persons or circumstances, shall not
22 be affected thereby.

- 1 (b) The right to alter, amend, or repeal this Act is
- 2 hereby expressly reserved.

Passed the House of Representatives July 16, 1953.

Attest:

LYLE O. SNADER,

Clerk.

AN ACT

To increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

JULY 17 (legislative day, JULY 6), 1953

Read twice and ordered to be placed on the calendar

drug products. I think the American public wants to be sure it cannot be duped, just as it has been certain of this until the inconsistency in the statute was discovered. I, for one, would not want to be led to believe a certain potion for the hair would retard the increasing height of my forehead when in reality it would not even make my hair lie down.

There has been some apprehension that this measure would allow the inspectors to go into the books of drug and food manufacturers and even those of the retailers themselves. I am informed this is not true under the provisions of the bill as reported from the committee.

And I also am assured the staff of the Inspection Service will not be increased by this move.

In view of this fact, there can surely be no objection to giving the inspecting officials the authority which we had assumed to be theirs for a number of years. I urge passage of the bill.

[Mr. DOYLE addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. DOYLE. Mr. Chairman, I am for this bill. Its objectives are necessary to protect the health and existence of every American. In my questioning on yesterday, as set forth on page 9170, of the CONGRESSIONAL RECORD, and in my questioning just a couple of hours ago during this debate, I did not intend to indicate that I was opposed to the bill. But I know of certain experiences of a few patriotic American citizens which make me desire to be sure that the intent of Congress is as clear as a bell on this matter of secret and private formulas and methods of compounding ingredients.

Also, I note that the committee has set forth on page 7, that the committee itself recognizes it should be very specific in limiting the power of inspection. I have asked on two prior occasions, during this debate, whether or not "reasonable inspection" would go so far as to give the right to an inspector to demand the disclosure of private or secret formulas used by the manufacturers. I am emphasizing that same question again; so that even though the distinguished gentleman from Arkansas [Mr. HARRIS] and the distinguished chairman of the committee [Mr. WOLVERTON], and the distinguished gentleman from California [Mr. HINSHAW] have all indicated that in their judgment, it would not be considered as "reasonable" to demand a copy of or knowledge of a manufacturers formula, I want to make the record clear that the intent of this House of Congress, even though the bill does not so specify, is that there shall be no right under this bill for an inspector or any other person claiming such right under this bill, to demand the disclosure, or the possession, or knowledge of formulas by which vitamins and other minerals are compounded. That is the purpose for which I again rise, and I now ask the distinguished chairman again, if he agrees with me that I am right, when I say that under this bill no inspector is

given that right as being a reasonable right, or a reasonable demand to make.

Mr. WOLVERTON. I agree with the gentleman's interpretation.

Mr. DOYLE. I thank the gentleman. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from Michigan [Mr. HOFFMAN] is recognized.

Mr. HOFFMAN of Michigan. Mr. Chairman, I ask unanimous consent to speak out of order and to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Chairman, a few days ago I received this letter:

DETROIT, MICH., July 10, 1953.

In view of the findings of your committee in the Detroit area of local 985, AFL, I was under the impression that the members of that local would not be forced to pay any more dues.

My salary is still being assessed at \$5 per week, and I cannot understand how this can continue. I have never authorized this assessment on my paycheck, and have asked my boss to discontinue taking the money out of my paycheck, but he tells me that he gets a bill for the amount from the local office, and must send in the amount for me, whether I want to pay it or not.

When I spent 5 years in the service during World War II, 3 years being spent overseas, I was under the impression that we were fighting for a free America, where we would be entitled to free speech and liberties within the law. But to me it seems that, while we licked the aggressors abroad, we failed to do the same here in the United States.

This so-called union of which I was forced to be a member has in the past 4 years invited me to three meetings. I have never as yet voted for officers in the local, and have never authorized my employer to withhold union dues from my paycheck.

I am a staunch believer in unions, and have always felt that they protected its members, but as yet this local has never to my knowledge negotiated a contract with my employers, and I have never been invited to a meeting to approve any contracts.

In my estimation the officers of local 985 do not fairly represent its members, and are utilizing the local for their own personal interests. Please do something about this situation, inasmuch as the \$20 which my employers withhold from my monthly pay is an unjust act.

I did my bit in the service of my country during World War II, and now feel that I and the other ex-GI's in my local have been let down in all the promises given us on the termination of hostilities in 1946.

Respectfully yours.

This telegram dated yesterday came in late yesterday:

KANSAS CITY, MO., July 15, 1953.

HOUSE GOVERNMENT OPERATIONS COMMITTEE,
Washington, D. C.:

(Attention: Chairman and all Members.)

Re Kansas City labor situation and also Detroit, millions tax money down drain for communistic and other investigations, but not one dime or time for continuation of scandals about ex-convicts, hoodlums, and strong-arm men running labor organizations. Hate to think of not able to work and make family living without such as O. L. Rings say so. Such as this breeds dictatorship. Please, not a dime for hoodlums and roving stewards but more money for

investigations with results. Past investigations here all types died on the vine. Please inform the undersigned who is responsible.

J. L. ODEN.

K. F. CARMICHAEL.

R. S. BIRK.

R. S. WADDLE.

I might add that O. L. Ring is the man out in Kansas City who has been collecting some of these payments. He is the boss of the Teamsters Union which has kept some 20,000 individuals out of work who seeks in behalf of the Teamsters to take over the other A. F. of L. craft unions, their real and personal property, force all workers to pay dues to the Teamsters for the privilege of working.

On yesterday the committee on Government Operations decided to liquidate within 10 days the special subcommittees which have been set up by me, conducted hearings, and taken testimony in reference to this practice. The only answer I can give to the men who sent this telegram is to name the gentleman on my committee who voted to destroy those special subcommittees, stop the hearings which were exposing racketeering and the extortion of millions of dollars from these workers. The responsibility for the protection thus given the would-be racketeers does not rest on me.

The CHAIRMAN. The gentleman from Maryland [Mr. HYDE] is recognized.

Mr. HYDE. Mr. Chairman, the discussion we had just a moment ago about the treatment of foreign shipments into this country points up to me the validity of the amendment offered by the gentleman from Mississippi. For foreign goods we are perfectly satisfied with the inspection of the finished product on the shelves or in transit; but for our domestic goods we insist on compulsory inspection without the usual constitutional safeguards.

The thing that has amazed me as a freshman Congressman in this body is the lack of consideration given on so many measures to our traditional constitutional safeguards. It seems to me it would be a salutary thing for all of us to go over here to the Library of Congress and look at some of the ancient proclamations of the absolute monarchs and see the fine laudatory grounds upon which those decrees were made—always for the defense and preservation of the realm—for the safety, health, and welfare of the country; yet we are now using those excuses it seems to me to pass a lot of legislation through this body which is in violation at least of the spirit of the Constitution and a good many times in my humble judgment of the letter of the Constitution.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield.

Mr. HINSHAW. Did I understand the gentleman to say that the committee was only interested in the end product?

Mr. HYDE. No; I said that what has been said in answer to the questions by the gentlemen from the dairy country with regard to the inspection of foreign shipments was that we could not pass laws to inspect foreign factories, but that

the goods were inspected when they reached this country.

Mr. HINSHAW. I want to assure the gentleman that we are very much interested in seeing sanitary conditions for all foods.

Mr. HYDE. Yes, but in the case of foreign importations you have to rely on the inspection of the foreign product.

Mr. HINSHAW. Precisely so.

Mr. NEAL. Mr. Chairman, speaking as a physician and one who has observed violation of sanitary rules by food handlers, and having had occasion to see innocent citizens suffer from the effects of improperly prepared articles sold over food and drug counters, I heartily approve of this legislation.

The very existence of a Federal statute will have a retarding influence on anyone who seeks to adulterate or mislabel foods, drugs, and medicines in their total disregard for the health and welfare of the people into whose hands these products may be distributed.

There is, however, some question as to whether this law should go far enough to make all processors of foods and drugs subject to forced inspection. It is apparent to anyone who has had experience in the execution or the enforcement of laws of this kind, that the individual given authority sometimes uses the position as the means of threat, punishment, and even extortion. By and large, we believe that most enforcement officers of the Government are honest, tolerant, and faithful to their duties. Insofar as they belong to this type no one need fear the enforcement of laws of this kind. After all, it is the comparatively few of those engaged in processing foods and drugs who are not adequately regulated and licensed through various branches of Government.

This law becomes necessary in order to overcome the abuses of the privilege by that small percent of those who would seek profit through substitution, adulteration, and failure to comply with sanitary standards and requirements.

Generally speaking, I think this is a good bill, and I will vote for it.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLER of Maryland, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 5740) to amend the Federal Food, Drug, and Cosmetic Act, so as to protect the public health and welfare by providing certain authority for factory inspection, and for other purposes, pursuant to House Resolution 329, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WILLIAMS of Mississippi. In its present form, I am, Mr. Speaker.

The SPEAKER. Does anyone who opposes the bill in its entirety desire to offer a motion to recommit? If not, the Clerk will report the motion offered by the gentleman from Mississippi.

The Clerk read as follows:

Mr. WILLIAMS of Mississippi moves to recommit the bill to the Committee on Interstate and Foreign Commerce.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. WOLVERTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

COMMITTEE ON GOVERNMENT OPERATIONS

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent that any member of the Committee on Government Operations may have until midnight tonight to file additional views on House Resolutions 261 and 262.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report of the Riehlman subcommittee of the House Committee on Government Operations, together with minority views, and to have the same printed.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MAILLIARD. Mr. Speaker, I ask unanimous consent to extend my remarks at that point in the RECORD immediately preceding the passage of the bill, S. 2342.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CORRECTION OF RECORD

Mr. MACK of Washington. Mr. Speaker, on yesterday in a speech I made in the Committee of the Whole, reported on page 9143 of the RECORD, in the last paragraph, first column of that page, I am quoted as saying "\$17,000,000." This should read "\$7,000,000." I ask unanimous consent that the RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

BOARD OF COMMISSIONERS OF THE DISTRICT OF COLUMBIA

Mr. ALLEN of California. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3087) to authorize the Board of Commissioners of the District of Columbia to permit certain improvements to two business properties situated in the District of Columbia, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 2, line 4, after "act" insert ": Provided, That plans for such erection, construction, alteration and conversion of such buildings and other improvements shall first have been approved by the National Capital Planning Commission, which shall apply reasonable standards of architecture and construction in passing upon such plans."

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

FARM CREDIT ACT OF 1953

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 328 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4353) to increase farmer participation in ownership and control of the Federal Farm System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes, and all points of order against said bill or any provisions contained in said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Texas [Mr. RAYBURN] and yield myself such time as I may desire.

Mr. Speaker, I rise to urge the adoption of House Resolution 328 making in order the bill, H. R. 4353, to increase farmer participation in ownership and control of the Federal farm credit system; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

House Resolution 328 provides for an open rule, waiving points of order and allows 1 hour of general debate on the bill itself. The purpose of this bill, Mr.

Speaker, is to aid the farmers in acquiring a greater ownership in and control of the farm credit system and to help the farmers to meet the constantly increasing credit and capital demands of the agricultural economy. H. R. 4353 specifically proposes a number of changes and improvements that should go a long way toward making this whole program effective. The bill proposes to decentralize the administration of the farm credit program by delegating to Federal land banks and other district credit agencies more authority and duties. This would tend to move much of the power away from Washington and nearer to the farmer's own territory. A 13-member Federal Farm Credit Board would be appointed and this Board would have full responsibility for the policies of the Farm Credit Administration. Twelve of these members would be appointed by the President from the farm credit districts and the 13th would be appointed by the Secretary of Agriculture. The farm credit district board would be retained under this bill, but the members of these boards would be chosen with more deference paid to the wishes of the farmers in the selection of the board. This bill also proposes to transfer the Division of Cooperative Marketing from the Farm Credit Administration to the control of the Secretary of Agriculture. This bill also specifically provides for greater farmer ownership and control of credit agencies and lays the groundwork for retiring Government capital from this project as the farmers assume greater control and ownership.

Mr. Speaker, I think this is a very important bill and deserves the full and serious consideration of the House. This bill is in line with Republican convictions that the Federal Government will enjoy a more efficient operation of its projects if they are handled by people on the local scene. We have always felt that the decentralization of power from the Federal scene back to the States and local scene would, in the long run, result in a healthier United States. This bill seeks to do just that. I hope that the House will adopt House Resolution 328 making in order the consideration of H. R. 4353.

Mr. RAYBURN. Mr. Speaker, I have no requests for time on the rule.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. HOPE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4353) to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 4353, with Mr. KEARNS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. HOPE. Mr. Chairman, I yield myself 18 minutes.

Mr. Chairman, this legislation marks a further step in the evolution of a farm credit policy for this country. I think all of us realize that in these days it is absolutely necessary for farmers to have an ample supply of credit if they are going to carry on their farm operations. This was first recognized back in 1916 as far as legislation is concerned, when we enacted the bill which set up the Federal Land Bank System. Later, in 1923, we passed legislation which set up the Agricultural Credit Act, which provided short-time credit for agricultural producers. Then, in 1929, we passed the Agricultural Marketing Act, which further expanded agricultural credit, particularly in the field of cooperative marketing.

Then there was the Farm Credit Act of 1933, the most important of all acts dealing with farm credit, which not only revitalized the Farm Land Bank System but set up a system of production credit and also the various banks for cooperatives.

Then in 1937 we enacted further legislation dealing with the farm credit system generally.

This, as I say, is a further step. I think there is only one more step needed legislatively, of a major nature after this, and that is to enact legislation that will enable the various farm credit agencies, to rid themselves entirely of Government capital and become wholly farmer-owned. That legislation we hope to present in a subsequent session of this Congress or in some subsequent Congress.

The objective of all farm legislation relating to cooperative credit has been to set up a system which in time would be entirely farmer-owned, and from which all Government capital would be eliminated.

It has been necessary in all of these institutions to start out with Government capital, but as time has gone on that has gradually been decreased so that today, as far as the Federal Land Bank system is concerned, it is entirely owned by the farmer borrowers. In the case of the production credit associations, 93 percent of the entire capital invested is farmer capital, and about 60 percent of all the farm credit associations are entirely farmer-owned at this time.

In the case of the banks of cooperatives, the Government owns a considerably larger percentage, and it is in those corporations that the least progress has been made in eliminating Government capital and setting up a system of farmer-owned organizations. That is very largely because of the nature of the financial setup in the banks themselves.

We still have the intermediate credit banks, and the production credit corporations, the capital stock of which is entirely owned by the Government. It is felt by the leaders of most of our farm organizations and others, men who have given a great deal of thought and study to farm credit in recent years, that the objective of eliminating the Government capital from these institutions would be furthered by the enactment of legislation which would set up a Farm Credit Board, and which in other respects would

put the control of the Federal land banks and the other farm credit institutions more nearly in the hands of the farmers themselves. It is realized that it is not feasible so long as there is some Government capital in these institutions to make them entirely farmer controlled. As long as that is the case, it is necessary that there be a degree of Government control and supervision. Of course, it is not anticipated that even when all of the Government capital is retired that there will not be some Government supervision, just as we have in the case of our national banks and other financial institutions, but it is the hope that the supervision would be reduced to the degree that is exercised over other financial institutions as soon as the Government capital is retired.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. ALBERT. The gentleman knows that the national farm loan associations which operate through the Federal land banks and are wholly farmer owned were hopeful, or at least most of them were hopeful, that they would get more autonomy by this bill, and some of them feel that the committee receded somewhat. I hope the gentleman will make clear the progress toward farmer control that this bill does make as compared to existing law.

Mr. HOPE. I will be very happy to go into that point right now. It is an important point, and I agree thoroughly with what the gentleman says to the effect that the national farm loan associations and the Federal land banks which are at this time entirely farmer owned have been disappointed in the fact that they have not been placed in a situation where they were given more farmer control. The difficulty has been, of course, that all these organizations are bracketed together in the Farm Credit Administration, which I think is entirely proper, and while the organizations which deal with farm loans are entirely farmer owned, some of the other organizations still have a large amount of Government capital in them, as I pointed out a while ago, and bracketing them altogether in one organization it is necessary to have a large degree of Government control. That would not be the case if we were considering the Federal land banks alone. If we were considering them alone, with all the capital now owned by the farmers, it would, of course, be possible to extend a much greater degree of autonomy than is the case in this bill.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. BAILEY. Will the distinguished chairman of the Committee on Agriculture explain to the Members of the Committee the provisions in your bill by which you assess a certain percent of net earnings of cooperatives to be paid? I wonder if that is paid into the Federal Treasury to go into a trust fund that will enable the farm cooperatives to finance their own program. Would the gentleman mind explaining that particular point?

Mr. HOPE. The provision for the repayment of a franchise tax is not new, it

has been in effect many years as far as the Federal intermediate credit banks are concerned. It is the method that has been used in compensating the Government for the use of Government capital in that organization. It is new as to the other organizations. The tax provision is that 25 percent of the net earnings of these corporations shall be paid to the Federal Government in lieu of interest on the Government capital that is invested in those corporations. Does that answer the gentleman?

Mr. BAILEY. Then the gentleman would not consider it as a tax in the ordinary sense?

Mr. HOPE. No; it is not in any sense a tax. I think it unfortunate, perhaps, that that term tax was used. I am glad the gentleman has raised the question—it should be thoroughly understood by everyone that it is not a tax in the ordinary sense of the term.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the distinguished gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. With reference to the franchise tax, if the bank has no earnings, then they are not required to pay the tax?

Mr. HOPE. That is true. It is paid out of earnings.

There are one or two other matters that I want to mention while I have the floor.

The measure was presented to our committee by the organization known as the Joint Farm Credit Committee, which is composed of the American Farm Bureau Federation, the National Grange, and the National Council of Farmer Cooperatives.

Mr. Herschel Newsom, the chairman of this group, is, as you all know, the master of the National Grange.

In addition to the organizations which have spent years of work in trying to devise the best method of working this problem out, the committee also had the advice and the suggestions of Mr. Sam Bober, of Newell, S. Dak., representing the National Advisory Committee of the National Farm Loan Association, and Mr. J. E. Anderson, of Morgantown, W. Va., speaking for the National Advisory Committee of the Production Credit Associations.

In addition, there is another organization known as the Executive Committee of the Directors of the Twelve Farm Credit Boards, which was represented before the committee by Mr. Charles Thompson of Colorado City, Tex. However, I think I should say that the directors of the farm credit boards are not together on this legislation. There are some of them who have expressed opposition to it.

Briefly, let me point out the organization as it is set up here. The bill provides for a board of 12 members to be appointed by the President. One member of this board must come from each of the 12 Federal land bank districts. It provides that nominations for membership on the board may be made by the National Farm Loan Associations, the Production Credit Associations, and the Bank for Cooperatives. The President,

however, is not required to choose from those nominations. He is at perfect liberty to nominate anyone he chooses, but it is expected, of course, that he will send to the Senate, as far as possible, the names of those who have been nominated by these organizations.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the distinguished gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. On the question of directors, the committee placed an amendment in the bill which would permit existing directors to serve out their present terms of office; is not that correct?

Mr. HOPE. We amended the bill to provide that salaried employees or officers of the Farm Credit Administration should not be eligible to serve on district farm-credit boards, but made the provision inapplicable to the present terms of existing board members.

I want to point out one other thing in connection with the board and that is that the Secretary of Agriculture is authorized to nominate a 13th member thereof. Also that the board itself is a part of the Department of Agriculture and reports to the President through the Secretary of Agriculture. I think that is a good arrangement and a compromise between those who felt that the board should be kept as a part of the Department of Agriculture, and those who thought that it should be set up outside the Department.

Mr. GOLDEN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Kentucky.

Mr. GOLDEN. Is it not true that the great farm organizations representing the farmers themselves came before the committee and endorsed this bill? And in that connection I wish to read a telegram from the Louisville, Ky., chapter of the Kentucky Farm Bureau which states:

We, by resolution, strongly favor passage of H. R. 4353 (farm-credit bill).

They are in support of this bill, too; are they not?

Mr. HOPE. Yes, they are. I am very happy to have the gentleman bring that to the attention of the Committee.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Indiana.

Mr. HARVEY. Without taking too much time, is it not true that this piece of legislation is an evolutionary one and represents the efforts of the various divisions of the Farm Credit organizations to arrive at a better type of legislation through the years? And that this is the result of a great deal of study from the grassroots, and represents the best thinking of those various organizations in arriving at a setup that will function not only in the interest of the farmers and farm organizations but also of the Federal Government that originally sponsored them?

Mr. HOPE. Yes; that I think is a most excellent statement of the situation.

Mr. COOLEY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, I take this time to suggest to the House that this is the consummation of a good many years' work on the part of a good many farmer organizations and a good many groups of farmer owners of these cooperative credit institutions that were originally established through the sponsorship of our Government. Over the years these institutions have become more and more nearly pure cooperatives and less and less governmental institutions.

The existing law has never made provision for the progressive transfer of the control of these institutions in proportion to the transfer of ownership which has gone on from the Government to the farmers. That transfer of ownership has, of course, been effected through replacement of Government capital by private capital of the farmer borrowers. In the case of the land banks, of course, it has been 100 percent, in the case of the production credit associations it has been 100 percent in my particular State, a lesser amount in some of the other States, and in the case of the bank cooperatives it has been a relatively small amount.

The basic idea of this type of legislation was to try to transfer to the owners of these institutions a degree of control of the institutions commensurate with the interest which they owned. I do not think this bill accomplishes that purpose in full but I think it does move in that direction.

There are a number of provisions in this bill which I wish we might have avoided. There is not any definite right on the part of the farmer owners to select the board under the terms of this bill. The reason is that certain of the proponents of the bill came to the conclusion that the legislative branch of our Government had no constitutional power to take from the President the absolute right of appointment of the head of an agency of Government. I felt that the interpretation that this board was the head of an agency was an incorrect interpretation, but there were legal opinions to the effect it is the head of an agency.

Rather than run the risk of having passed an unconstitutional act, rather than run the risk of having created new legislation and then finding the legislation was not effective, we took the safer course, not going quite as far as most of us on the committee would like to have gone but going in the direction and having the support of all the legal experts who came before the committee.

I find in my area that most farmer owners of these institutions would like to go further, but, on the other hand, those who have communicated with me, and there have been a large number of them, have indicated they thought it was better to take this much, which we know we can get and know we can make effective, than to insist on something that might not be effective.

It seems to me that position is a sound one and is one which this Committee

should today accept. This legislation does at least make a rather important step in the direction of farmer control of the farmer owned credit agencies which were originally entirely Government owned and Government controlled. It has the support of almost every farmer-borrower who has contacted me. It recognizes the right of the farmer-borrowers to exercise a greater degree of control over the credit institutions in which they hold an ever increasing degree of ownership.

I hope it will receive the approval of the House today.

Mr. COOLEY. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, while this bill might be an improvement in the farm credit system, it certainly is not the bill which our committee originally contemplated presenting to the House. If you will note in the preamble, one of the purposes of the bill is "to increase farmer participation in ownership and control of the Federal farm credit system." I doubt very much if much will be accomplished by this measure in that regard.

The reason that we abandoned the original idea was on account of the fact that we were advised, and perhaps accurately advised, that the legislative branch of the Government could not interfere with the appointive power of the executive branch of the Government. The President is given the right to make certain appointments, and we were told that the legislative branch of the Government could not restrict him in the exercise of that right. There has been some suggestion that the agency of the Government with which this bill is concerned, important as it is, should be completely removed from politics. I can foresee, at least, the possibility that the entire Farm Credit Administration might, by virtue of the provisions of this bill, be put into politics, because the board that is to be appointed will be appointed by the President. Only because of my great faith in the fairness and impartial judgment of the man now in the White House would I be willing to vote for the measure which is now being presented. I have no reason to believe that the great man in the White House would involve this agency in politics. But there at least exists the possibility, and when this board is once appointed by the President, the board will serve at the pleasure of the President and the board will appoint a governor of the Farm Credit Administration who actually will be nothing more nor less than a figurehead without authority and subject to removal by the President or by the board at the request of the President.

Another thing that I do not like too much about the bill is this language: "to impose a franchise tax upon certain farm credit institutions." The language in itself is calculated to arouse resentment and protest and objection to the bill. But actually I must confess that the provision is not too different from other provisions now in the law. The purpose of the provision is to recapture for the Federal Government an amount of money equal to a fair interest rate, and I think it might have been much

better if we had provided in clear, unambiguous language the real purpose that the committee had in mind. It is remotely contemplated that at some future date, perhaps 20 years from now or maybe 30 years from now, all Government capital will have been removed from these agencies and the farmers will then actually come into their own and exercise control and management of their own affairs. It has been our desire, of course, to make these agencies completely farmer owned and farmer controlled. This bill does not achieve that goal, although it might bring the farmers a little closer to the agency because it provides for a board with a membership of 13. I am not superstitious but I do not even like the 13-man board. We can pass this bill and put our faith and hope in the administration of the bill, believing that it will be properly and fairly administered and that the farmers will actually be given some degree of participation.

We at first hoped that the appointments would be made from a list of nominees which had been established as the result of some sort of referendum to be taken by the farmers who own an interest in these agencies. If that could be done, then of course the farmers would have an actual voice. The President can select his appointees from these lists of nominees if he desires to do so. Of course, if he does that, then to that extent the farmers actually will have a voice in the management of the affairs of these important agencies. We hope that the President or someone close to him will familiarize him with the legislative history and with the real intent of the Committee on Agriculture, in the further hope that he might select competent men from the list of nominees which will be supplied to him after the farmers have had an opportunity to express their views.

I do not know that I need to prolong this discussion. I do not think this bill, however, is acceptable in all quarters by all people. I know it might meet with opposition for many reasons.

Some people have pointed out the fact that each member of this 13-man board will receive \$50 a day for their services, plus all their expenses, but they are limited to 75 days. The board cannot meet more than 75 days in any one year, and at \$50 a day, plus actual expenses, that will be the total amount involved in the cost of the board.

Mr. MILLER of Kansas. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. MILLER of Kansas. Will the gentleman state the provision of the Constitution which seem to make it necessary that the President be empowered to nominate this Board?

Mr. COOLEY. I would not have the time to go into a discussion of the constitutional question presented to our committee further than to say that I did not agree with the legal views presented to our committee. I think Congress can provide a method for the selection of the Board by the farmers themselves. I think that by law we can provide the framework for all of these

agencies. But the objection was made that the President, once given the power to make the appointment, cannot be limited in the use of that power.

Mr. MILLER of Kansas. If we gave him that authority we could also take it away from him. He got the power from Congress to begin with.

Mr. COOLEY. The question is, you cannot give the power to the President and then tell him how to exercise it. I think we could very well withhold it as we have withheld it from him in the past. He does not have the power now to appoint members of a board, but here by this legislation we create a Board and we give him the right to make the appointments. Therefore, we must stop there. We cannot go further and limit him in the exercise of that power.

Mr. MILLER of Kansas. Certainly, having given it to him, the mistake, if any, would be in the giving of it.

Mr. COOLEY. I pointed out at the very outset that but for our faith and confidence in the President we might be afraid that this agency would become involved in partisan politics. I think that when the President comes to make the appointments, then and only then, will we know just exactly to what extent the farmers' voices will be heard in the administration of the affairs of these agencies.

Mr. MILLER of Kansas. I thank the gentleman for his explanation.

Mr. COOLEY. I am sure everyone appreciates the necessity for adequate credit facilities. I know we are all delighted that the Federal land banks are standing on their own feet; that Government capital has been retired; that the production credit associations are making rapid progress in the same direction. And all of us indulge the hope that some day in the not too distant future all Government capital will be out of these agencies and that they will continue to function in the best interests of the farmers of this Nation and the general welfare of all the people of this country.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. JONES of Missouri. Just what was the main argument put forward in favor of this reorganization and was there any great criticism of the work which is now being done by the Farm Credit Administration?

Mr. COOLEY. I think the gentleman has propounded a very good question. I do not think any witness who appeared before our committee suggested a single instance where the present agency has become involved in partisan politics. There has been a hue and cry for a board, a policy board, and I do not know that anybody has criticized very severely any of the policies by which the agency has been guided in the past. But the main thing that was advanced was farmer participation, and that we do not have except that we might have it if the President would appoint the type of board that we would like to see him appoint.

Mr. JONES of Missouri. Did anybody suggest that there would be a better service rendered to the farmers or that

the farmers would have better credit facilities under this reorganization than he has at the present time?

Mr. COOLEY. I can answer that by saying we must go back to the original bill, which we had before us, which did provide for actual farmer participation. It was felt by those who favored that bill that by giving the farmers actual participation in management of the affairs, the agency would function more efficiently.

Mr. JONES of Missouri. This bill does not do that?

Mr. COOLEY. This bill does not do that. The agencies of the Government affected by this bill have rendered and are rendering a great service to the farmers of America. None of the agencies affected has been accused of engaging in partisan politics. Actually, no great good may be accomplished by the passage of this bill, but at least this bill will provide a way for increasing farmer participation. Whether we shall hereafter have more farmer participation than we have had in the past will depend entirely upon the President of the United States and those who will be appointed by him to administer the affairs of these important agencies. It is my fond hope that the farmers of America may some day, and not in the too distant future, control and operate completely and fully the great agencies which are now serving their needs so well.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Maine [Mr. McINTIRE].

Mr. McINTIRE. Mr. Chairman, I rise in support of this legislation because of my personal observations, as a farm operator, of the workings of the Farm Credit Administration. It seems to me the very foundation of the cooperative system of agricultural credit that has been built in this country lies in the provisions that farmers may participate in the management and in the ownership of these units.

This was a basic principle of the original legislation that established the land bank system and was later incorporated into the production credit system. The banks for cooperatives were brought into being from funds remaining in the Federal Farm Board. When the Farm Credit Administration was established no provision was made whereby cooperatives using this bank could retire the Government's investment in the bank for cooperatives. Also, when the Federal Intermediate Credit Bank was brought into being to provide a discount vehicle for commercial banks and other organizations lending to agriculture, no provision was made to retire the capital provided by Government.

The 1951-52 annual report of the Farm Credit Administration states that there are 1,180 national farm loan associations. On the basis of 5 farmer board members, there are 5,900 farmers serving as directors. Four hundred and ninety-nine production credit associations with 5 or more board members have over 2,495 farmers directing affairs in the field of short-term credit.

This principle has been operating for 35 years in the land bank system and

for 20 years in the production credit system. The 12 district boards of 7 members each are likewise men from the farms or close to agriculture.

It is the purpose of this bill to make another legislative step in the direction of ownership of all units of the Farm Credit System by the members using the credit services.

May I state that it is my opinion the first farm credit district serving New York, New Jersey, and New England has done and is continuing to decentralize administrative operations and is placing increasing responsibility upon the farmer members in the affairs of the credit units.

I have worked with the units of farm credit in the first district. I am confident that farmer members of the respective units and farmer members of cooperatives served by the Bank for Cooperatives are deeply interested in attaining full ownership of these units and repay Government's invested capital just as rapidly as possible, consistent with sound loaning operations and consistent also with the credit needs of the area being served.

I urge passage of H. R. 4353.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. McINTIRE. I yield to the gentleman from North Carolina.

Mr. COOLEY. I should like to ask the gentleman a question. The gentleman has talked of decentralization. If the President selects his appointees from the list of nominees provided by the farmers themselves, of course you will have a decentralized agency and you will have farmer participation. But the gentleman knows that there is a possibility that it will not be decentralized, that under the provisions of the bill it could be highly centralized, because the President is given almost complete power and authority over these appointments.

Mr. McINTIRE. My reference to decentralization applied to the first farm credit district and applied primarily to the decentralization of some of the administrative operations. I could go into considerable detail on that, but let me cite one particular instance of my early experience in dealing with farm credit, when all of the insurance policies which are on file, covering properties under mortgage secured by a land bank loan—

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. COOLEY. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. McINTIRE. All of those insurance policies were on file in the bank facility at Springfield. As of today, each national farm loan association has in its office the insurance policies covering the mortgages which are being served by that national farm loan association, placing in the hands of the secretary-treasurer the responsibility of servicing the insurance policies in connection with loans which he has the responsibility to serve. That type of decentralization of administrative work of the district bank at Springfield is, I think, most constructive and encourages increasing farmer ownership and farmer participation.

Mr. COOLEY. The gentleman will join with me in the hope that the Presi-

dent will follow the recommendations of the farmers and will select appointees from the list of nominees supplied by the farmers.

Mr. McINTIRE. I certainly am very happy to join with the gentleman in that.

(Mr. McINTIRE asked and was given permission to revise and extend his remarks.)

Mr. COOLEY. Mr. Chairman, I yield to the gentleman from Arizona [Mr. PATTEN] such time as he may desire to use.

Mr. PATTEN. Mr. Chairman, I ask unanimous consent that the gentleman from Texas [Mr. TEAGUE] may extend his remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. TEAGUE. Mr. Chairman, as you know I represent an agricultural district of Texas, and I heartily support the measure being debated here today. We all know that there are many aspects to the national economy—labor, agriculture, industry, and so forth. Each has its own internal economic structure, and the bill under consideration here today, I believe, will increase individual farm ownership and control of the farm credit system which in turn will meet the increased needs of the agricultural economy.

The great strides made in the science of agriculture has resulted in the fact that an individual today entering the field of agriculture must be prepared to invest a large amount of capital in his undertaking. This has been brought about by the highly mechanized operation of a farm today in comparison with a few decades ago. For this reason, a farmer is in need of a great amount of credit—and farm credit is so varied from the ordinary requirements of regular business credit that it cannot always be covered by the numerous commercial credit institutions. The average city dweller or small city businessman would be astounded if he actually knew of the large credits carried by the average farmer. It is for this reason that credit must not only be available in sufficient amounts, but its entire administration must be controlled and adjusted to agricultural requirements.

The undertaking of a large-scale farming operation is in itself a venture with more than the average element of risk, particularly in the State of Texas, which has been plagued with four continuous years of drought. Because of this, the individual farmer should operate in a separate economy geared specifically to his wants. Many of the laws under which our financial institutions throughout the country operate today cannot be strained to the point which would allow them to provide the long-term credit needed by these farmers. While many of these institutions can care for the very ordinary credit needs of the farmer, he could not very well operate with the necessity of every several months extending the well-known, short-term commercial credit. Because of this, the Congress in a series of laws made it possible for the proper type credit to be extended to the farmer, and certain Federal investments were made

under the National Farm Loan Act, and Agricultural Credit Act of 1923, and the other laws now governing the Farm Credit Administration. However, within the last decade, the farmers throughout the country have been gradually retiring the Federal capital invested in their credit system and within the last several years we all know that they have demanded a certain amount of managerial responsibility under the program as they attain farm ownership.

Mr. Chairman, I feel that the bill now under consideration will take the present farm-credit system, which has grown in a very piecemeal fashion pressed by demands from varied economic exigencies, and establish a policy of agricultural credit and provide the machinery to carry out that policy and thereby encourage individual farm ownership and farmer participation.

Mr. HOPE. Mr. Chairman, I have no further requests for time. However, I think I will take just a moment or two, and I yield myself such time as I may desire to comment on the remarks which my distinguished friend from North Carolina made with reference to the limitations upon the President's power to appoint.

When this bill was introduced it provided that in appointing members of the Farm Credit Board the President must make his appointments from a list of nominees submitted by the national farm loan associations, the production credit associations and cooperatives who were stockholders of the banks for cooperatives. But in the course of our consideration of the measure it was pointed out that Congress has no right to impose arbitrary restrictions upon the authority of the President to appoint the heads of Government departments. We considered that the 12 members of this Board would be the heads of this department, therefore, in order to avoid the constitutional question we adopted language which permits the nominations to be made by the organizations which I have mentioned, but does not require the President to limit his choice to the nominations so made. I think we can assume that the President will, in the absence of some strong or overriding reason to the contrary make his appointments from these nominations.

I might point out that the nominations must be confirmed by the Senate; and certainly the Senate would go pretty far, I believe, in insisting that the President should follow the intent of the legislation which is that the appointments should be made from the lists submitted unless there are strong reasons for not doing so. But we do not require that the President make his appointments from those lists.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Texas.

Mr. PATMAN. Would the gentleman care to answer a few simple short questions about this bill? First, where does this organization or establishment or agency get its money if it needs money

to make loans to farmers? Where does it get the money?

Mr. HOPE. There are, of course, several organizations included here. We have the Federal land banks—

Mr. PATMAN. Production credit?

Mr. HOPE. Production credit.

Mr. PATMAN. Do you have intermediate credit in here?

Mr. HOPE. Yes. The intermediate credit banks are in here. They get their funds through the sale of debentures.

Mr. PATMAN. Through the sale of debentures?

Mr. HOPE. Yes.

Mr. PATMAN. Just like they have been doing in the past?

Mr. HOPE. Yes; this legislation does not in any way affect the method of the financing of any of these organizations.

Mr. PATMAN. That is what I wanted to know. Now, was anything said about interest rates?

Mr. HOPE. Nothing whatever.

Mr. PATMAN. I noticed in a newspaper recently that interest rates have increased about one-half of 1 percent on these loans. Does that apply to these particular institutions that are involved in this new agency?

Mr. HOPE. I do not know; I assume that the intermediate credit banks are having to pay a little more for money now than they did; I do not know; I cannot answer the gentleman's question. But, in any event, that situation is not changed one way or another by this legislation.

Mr. PATMAN. There is nothing done here to provide a certain rate of interest, because it is not involved at all in this legislation?

Mr. HOPE. That is correct.

Mr. WICKERSHAM. Mr. Chairman, will the gentleman yield for a brief question?

Mr. HOPE. I yield to the gentleman from Oklahoma.

Mr. WICKERSHAM. I would like to ask the gentleman from Kansas if this bill in its present form meets with the approval of the Oklahoma Federation and national farm loan associations, the Federal land banks down there?

Mr. HOPE. I am not sure I have all the names of these organizations, I understand that the members of the board of directors of the ninth farm credit district, which includes Kansas and Oklahoma, have expressed their opposition to this legislation. I cannot say whether the organization to which the gentleman refers is supporting the legislation or not. Is that the organization of which Mr. Harrison is president?

Mr. WICKERSHAM. Yes.

Mr. HOPE. I believe Mr. Harrison testified at the hearings in favor of the legislation with certain qualifications. He felt that the National Farm Loan Association should have a greater part in the selection of members of the district boards. I think that is a fair statement of his position. I do not think he is unqualifiedly for the legislation, but his opposition is mainly because he does not think the legislation goes far enough.

Mr. WICKERSHAM. I thank the gentleman.

The CHAIRMAN. If there are no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc.—

TITLE

SECTION 1. This act may be cited as the "Farm Credit Act of 1953."

DECLARATION OF POLICY

SEC. 2. It is declared to be the policy of the Congress to encourage and facilitate increased borrower participation in the management, control, and ultimate ownership of the permanent system of agricultural credit made available through institutions operating under the supervision of the Farm Credit Administration, and the provisions of this act shall be construed in keeping with this policy. The Federal Farm Credit Board hereinafter provided for shall within 1 year after appointment make recommendations to the Congress of means, supplemental to those provided by this act, of carrying into effect such declared policy.

FARM CREDIT ADMINISTRATION

SEC. 3. The Farm Credit Administration shall be in the Department of Agriculture. The Secretary of Agriculture shall report to the President with respect to the operations and functions of the Farm Credit Administration. The Federal Farm Credit Board, hereinafter provided for, shall have direction, supervision, and control of the Farm Credit Administration and of its operations and functions, as in this act provided.

FEDERAL FARM CREDIT BOARD

SEC. 4. (a) There shall be established, in the Farm Credit Administration, a Federal Farm Credit Board (hereinafter referred to as the "Board"). Said Board shall consist of thirteen members. Twelve of the members, one from each of the farm credit districts of the United States, shall be known as appointed members and shall be appointed by the President with the advice and consent of the Senate, upon nominations made as follows: The national farm loan associations in the district shall designate one nominee, the production credit associations in the district shall designate one nominee, and the cooperatives which are stockholders or subscribers to the guaranty fund of the bank for cooperatives of the district shall designate one nominee, in accordance with the procedure prescribed in sections 5 (e) and 5 (f) of the Farm Credit Act of 1937 for the nomination and election of members of a district farm credit board, except that only two persons receiving the highest number of votes shall be included in the list of nominees prepared as a result of the voting under the procedure prescribed in said section 5 (e): *Provided*, That the names of all those who are tied for second place as a result of said voting shall be included in the list; and in case of a tie in the voting under the procedure prescribed in said section 5 (f) the procedure prescribed therein shall be followed again until the tie is broken: *And provided further*, That if the same person would otherwise be on the list of nominees of more than one of said groups as a result of the voting under said section 5 (e) he may choose the one list on which his name shall appear, and otherwise his name shall appear only on the list of the two highest nominees of the group which gave him the highest percentage of its votes. Subsequent appointments shall be made upon like nominations and in like manner.

(b) Each appointed member of said Board shall be a citizen of the United States and

shall have been a resident of the farm credit district from which appointed for not less than 10 years next preceding his appointment, and the removal of residence from the district during his tenure shall operate as a termination of his membership on said Board. No appointed member of said Board shall be eligible to serve for more than one full term of 6 years, and, in addition, a term of less than 6 years if he is one of the first members to be appointed for the unexpired portion of one term expiring before his appointment to a full term. No person shall be eligible for nomination or appointment to membership as an appointed member on said Board if such person has within 1 year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operating under the supervision of the Farm Credit Administration. Any person who is a member of the district farm credit board when appointed as a member of the Federal Farm Credit Board shall resign as a member of the district board before assuming his duties as a member of the Federal Farm Credit Board. No person who becomes an appointed member of said Board shall be eligible to continue to serve as a member thereof if such person becomes a member of any district farm credit board, or an officer or employee of the Farm Credit Administration, or an officer or employee of any corporation operating under the supervision of the Farm Credit Administration.

(c) The term of office of the appointed members of said Board shall be 6 years, beginning with the last day of the calendar month in which this act takes effect, and such members shall serve until their successors are duly appointed and qualified; however, of the first appointed members appointed hereunder, 2 shall be appointed for a term of 1 year from said date, 2 for a term of 2 years, 2 for a term of 3 years, 2 for a term of 4 years, 2 for a term of 5 years, and 2 for a term of 6 years. All vacancies in the offices of appointed members on said Board shall be filled for the unexpired portion of the term upon like nominations and by like appointments as herein provided for the appointment of the first such members of said Board.

(d) The 13th member of the Board shall be designated by the Secretary of Agriculture, shall serve at the pleasure of the Secretary, and shall be known as the Secretary's representative on said Board. He shall be a citizen of the United States and shall have been a resident of the United States for not less than 10 years next preceding his designation to membership on said Board. No person shall be eligible to be designated by the Secretary or to serve as the Secretary's representative on said Board, if such person is a member of a district farm credit board, an officer or employee of any corporation operating under the supervision of the Farm Credit Administration. The Secretary's representative shall not be eligible to serve as chairman, vice chairman, or secretary of the Board, but shall otherwise possess all rights and privileges of membership on said Board.

(e) As soon as practicable after the memberships on said Board have been filled as in this act provided, the members of said Board shall meet, subscribe the oath of office, and organize by electing from the appointed members a chairman and a vice chairman; and said Board shall appoint a secretary from within or without its membership as it may see fit. The Board shall elect annually for a term of 1 year the chairman, vice chairman, and secretary, who shall serve until their successors are elected and take office. The chairman shall preside at all meetings and the vice chairman shall preside in the absence or disability of the chairman. The Board may, in the absence of both the chairman and vice chairman, elect any appointed

member to act as chairman pro tempore. Seven members shall constitute a quorum of the Board for the transaction of business. The Board may function notwithstanding vacancies provided a quorum as herein established shall be present. The Board shall meet at such times and places as it may fix and determine, but shall hold at least four regularly scheduled meetings a year; and special meetings may be held on call of the chairman or any three members of the Board: *Provided*, That if as of that date the Board for any reason has not entered upon the discharge of its duties the Secretary of Agriculture shall designate an assistant to the Secretary to serve as Acting Governor of the Farm Credit Administration and such Acting Governor shall exercise and perform all functions, powers, and duties vested by this act in the Farm Credit Administration until his services are terminated by the Board.

(f) Each member of the Board shall receive the sum of \$50 for each day or part thereof spent in the performance of his official duties, which compensation, however, shall not be paid for more than 75 days (or parts of days) in any calendar year; and shall not be paid to the Secretary's representative if he is a full-time officer or employee of the United States, or such payment is otherwise prohibited by law; and in addition, shall be reimbursed for necessary travel, subsistence, and other expenses incurred in the discharge of his official duties, without regard to other laws with respect to allowances which may be made on account of travel and subsistence expenses of officers and employed personnel of the United States.

(g) The Board shall adopt such rules as it may see fit for the transaction of its business, and shall keep permanent and complete records and minutes of its acts and proceedings.

With the following committee amendments:

Page 2, line 9, at the end of section 2, before the period insert the following: "including, but not limited to, means of increasing borrower participation in ownership of the Federal Farm Credit System to the end that the investment of the United States in the Federal intermediate credit banks, production credit corporations, Central Bank for Cooperatives, and regional banks for cooperatives may be retired."

Page 3, lines 1 and 2, delete the words "Senate, upon" and insert the following: "Senate. In making appointments to the Board the President shall have due regard to a fair representation of the public interest, the welfare of all farmers and the various types of cooperative agricultural credit interests; shall give special consideration to persons who are experienced in cooperative agricultural credit; and shall, before making such appointments, receive and consider."

Page 4, lines 1 and 2, delete the words "upon like nominations and in like manner" and insert the following: "after receiving and considering nominations made in like manner."

Page 4, line 12, after the word "appointed", delete the word "for" and insert the words "or is appointed to fill."

Page 5, line 19, after "(d)", delete the word "The" and insert: "So long as there is Government capital in the system, the."

Page 7, lines 5 through 12, change the colon to a period after the word "Board" and delete all of the proviso through line 12.

The committee amendments were agreed to.

Mr. GATHINGS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GATHINGS: Page 3, line 5, after the word "members",

strike out the period and insert a comma and add the following language: "as long as Government capital remains in the system and 12 members when all such capital shall have been retired."

Mr. GATHINGS. Mr. Chairman, the committee in executive session discussed this matter fully and voted that the Federal Farm Credit Board shall consist of 12 members when the Government capital shall have been retired. This is a clarifying amendment and should be placed at this particular point, and I hope the committee will accept it. The amendment is carried in other parts of the bill but here where the Federal Board is created is the proper place for incorporating it.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from Kansas.

Mr. HOPE. The gentleman has shown me the amendment. It makes explicit a provision which is in the bill at the present time, and I see no objection to it. I think it clarifies what the committee intended to do and I see no reason why the amendment should be agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. GATHINGS].

The amendment was agreed to.

The Clerk read as follows:

GOVERNOR OF FARM CREDIT ADMINISTRATION

SEC. 5. (a) The Board shall appoint a Governor of the Farm Credit Administration (hereinafter referred to as the "Governor") who shall serve at the pleasure of the Board, and who shall, subject to the general supervision and direction of the Board as to matters of a broad and general supervisory, advisory, or policy nature, and except as otherwise herein specifically provided, be responsible for the execution of this act, all acts amendatory thereof and supplemental thereto, and all acts creating the powers, functions, and duties of the Farm Credit Administration.

(b) The Board shall fix the compensation of the Governor: *Provided*, That the salary of the Governor shall not exceed \$20,000 a year, together with necessary traveling and subsistence expenses, or per diem allowance in lieu thereof within the limitations prescribed by law, while away from his official station upon official business.

(c) It shall be the duty of the Governor to comply with all orders and directions which he receives from the Board; as to all third persons, all acts of the Governor shall be conclusively presumed to be in compliance with the orders and directions of the Board.

(d) The Governor shall appoint such other personnel as may be necessary to carry out the functions, powers, and duties vested in the Farm Credit Administration. The Farm Credit Administration shall consist of the Board, the Governor, and such other personnel as are employed in carrying out the functions, powers, and duties vested in the Farm Credit Administration. All functions, powers, and duties of the Farm Credit Administration, except those herein conferred upon the Board, shall be exercised and performed by the Governor and may be exercised and performed by him through such officers and employees of the Farm Credit Administration as he shall designate.

(e) The term of office of the incumbent of the office of Governor of the Farm Credit Administration appointed before the effective date of this act and holding office on that date shall terminate on that date and said office shall thereby become vacant.

RESPONSIBILITIES OF THE BOARD

SEC. 6. It shall be the function and duty of the Board (1) to see that the policies fixed by the Board hereunder are carried out; (2) to exercise adequate budgetary control over the Farm Credit Administration; (3) to require such reports as it deems necessary from the Governor and from any of the officials or corporations under the control or supervision of the Farm Credit Administration; (4) to make an annual report to Congress, including therein any recommendations of amendments to the laws relative to Federal agricultural credit; and (5) to exercise general direction and supervision over the performance of all functions, powers, and duties vested in the Governor when relating in the judgment of the Board to matters of a broad and general supervisory, advisory, or policy nature. It shall function as a unit without delegating authority to individual members and shall not operate in an administrative capacity; and all administrative powers, functions, and duties of the Farm Credit Administration shall be exercised and performed by the Governor.

OFFICES ABOLISHED AND FUNDS TRANSFERRED

SEC. 7. (a) The offices of the Land Bank Commissioner, Production Credit Commissioner, Cooperative Bank Commissioner, and Intermediate Credit Commissioner are hereby abolished. The Governor shall designate an officer or employee of the Farm Credit Administration to serve at the pleasure of the Governor as a member of the Board of Directors of the Central Bank for Cooperatives, as chairman of said board of directors, and as executive officer of said bank, in lieu of the Cooperative Bank Commissioner. The Governor shall designate an officer or employee of the Farm Credit Administration to serve at the pleasure of the Governor as a member of the board of directors of the Federal Farm Mortgage Corporation, in lieu of the Land Bank Commissioner. The Federal Farm Mortgage Corporation and its functions and activities are hereby transferred to the Farm Credit Administration and shall be administered therein under the general direction and supervision thereof.

(b) Employees in the Department of Agriculture who are being utilized on the effective date of this act primarily for the performance of functions, powers, and duties heretofore or by this act vested in the Farm Credit Administration, shall be transferred to the jurisdiction and control of the Farm Credit Administration in those instances in which the Governor determines that they are qualified and necessary to carry out the functions, powers, and duties of the Farm Credit Administration.

(c) All assets, funds, contracts, property, and records used and employed in the execution of the functions, powers, and duties heretofore or by this act vested in the Farm Credit Administration are hereby transferred to the jurisdiction and control of the Farm Credit Administration.

(d) So much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and all other administrative expenditures as the Director of the Bureau of the Budget shall determine for use in the execution of the functions heretofore or by this act vested in the Farm Credit Administration, shall be transferred to and vested in the Farm Credit Administration.

(e) All unexpended balances of appropriations, allocations, or other funds, other than those mentioned in subsection (d) of this section, available (including those available for the fiscal year ending June 30, 1953) for the Farm Credit Administration and/or for the Secretary of Agriculture on account of the functions and activities of Farm Credit Administration, shall be transferred to the Farm Credit Administration and shall re-

main available for the exercise of the functions and activities of the Farm Credit Administration.

DELEGATIONS TO DISTRICT INSTITUTIONS

SEC. 8. The Farm Credit Administration is authorized and directed, by order or rules and regulations, to delegate to a Federal land bank such of the duties, powers, and authority of the Farm Credit Administration with respect to and over National Farm Loan Associations, their officers and employees, in the farm credit district wherein such Federal land bank is located, as may be determined to be in the interest of effective administration; and, in like manner, to delegate to a production credit corporation such of the duties, powers, and authority of the Farm Credit Administration with respect to and over production credit associations, their officers and employees, in the farm credit district wherein such production credit corporation is located, as may be determined to be in the interest of effective administration; and, in either case the duties, powers, and authority so delegated shall be performed and exercised under such conditions and requirements and upon such terms as the Farm Credit Administration may specify. Any Federal land bank or production credit corporation to which any such duties, powers, or authority may be delegated is hereby authorized and empowered to accept, perform, and exercise such duties, powers, and authority as may be so delegated to it.

DIVISION OF COOPERATIVE MARKETING TRANSFERRED

SEC. 9. There is hereby transferred from the Farm Credit Administration to the Agricultural Research Administration in the Department of Agriculture, as a bureau of such agency, the Division of Cooperative Marketing (by whatever name now called) authorized and created under and by virtue of an act of Congress of July 2, 1926 (Public Law 450, 69th Cong.), entitled "An act to create a Division of Cooperative Marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to cooperation; to promote the knowledge of cooperative principles and practices; to provide for calling advisers to counsel with the Secretary of Agriculture on cooperative activities; to authorize cooperative associations to acquire, interpret, and disseminate crop and market information, and for other purposes," together with all functions pertaining to the work and services of such division, its personnel, property (including office equipment), assets, funds, contracts, and records used and employed in the execution of its functions, powers, and duties, and so much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and all other administrative expenditures as the Director of the Bureau of the Budget shall determine, for use in the execution of the functions, powers, and duties of said division in said department.

FRANCHISE TAX PROVISIONS

SEC. 10. Section 23 of the Federal Farm Loan Act, as amended, is further amended by adding at the end thereof a new paragraph as follows:

"Notwithstanding any other provision of this act, in the case of a Federal land bank having outstanding capital stock held by the United States during the whole or any part of a fiscal year, said bank shall, after complying with the reserve requirements of the preceding paragraphs of this section and before declaring any dividends to shareholders, pay to the United States a franchise tax equal to 25 percent of its net earnings then remaining, not to exceed, however, a rate of return of such Government capital equal to the average net interest cost of financing direct obligations of the United States during the fiscal year of the United States end-

ing next before such tax is due (such rate to be determined by the Farm Credit Administration upon the basis of data obtainable from the Secretary of the Treasury)."

SEC. 11. Section 6 of the Farm Credit Act of 1933 is amended by adding at the end thereof a new paragraph as follows:

"(e) Each production credit corporation shall, at the end of each fiscal year (1) apply its earnings described in subsection (c) of this section in accordance with the provisions of subsections (c) and (d) of this section; and (2) apply its earnings from all other sources, first, to the payment of any operating expenses for the year remaining unpaid; second, to restore losses and impairment of capital, if any, of the corporation; third, to the creation and maintenance of a surplus equal to 25 percent of the paid-in capital of the corporation; fourth, to the payment of 25 percent of its earnings from all sources then remaining to the United States as a franchise tax, and, fifth, to the payment of the remaining earnings into its surplus account."

SEC. 12. Section 36 of the Farm Credit Act of 1933 is amended to read as follows:

"The Central Bank for Cooperatives shall, at the end of its fiscal year, apply the amount of its earnings in excess of operating expenses during such fiscal year: First, to making up any losses incurred; second, to the restoration of the amount of the impairment, if any, of capital and guaranty fund as determined by the chairman of the board; third, 25 percent of the remainder of such excess of earnings shall be applied to the creation and maintenance of a surplus equal to at least 25 percent of the amount of the capital and guaranty fund; fourth, if said bank shall have outstanding capital stock held by the United States during the whole or any part of the fiscal year, it shall next pay to the United States as a franchise tax a sum equal to 25 percent of its net earnings then remaining, not exceeding, however, a rate of return on such Government capital equal to the average net interest cost of financing direct obligations of the United States during the fiscal year of the United States ending next before such tax is due (such rate to be determined by the Farm Credit Administration upon the basis of data obtainable from the Secretary of the Treasury); and, fifth, any sums remaining shall be carried into its surplus account or devoted to the payment of dividends, as may be determined by the chairman of the board. Subscribers to the guaranty fund shall be entitled to dividends in the same amounts as the subscribers to the stock. No rate of dividend in excess of 7 percent per annum shall be paid. Dividends on stock held by the Farm Credit Administration or the Governor thereof, when paid, shall be credited to the revolving fund created under section 6 of the Agricultural Marketing Act, as amended."

SEC. 13. Section 42 of the Farm Credit Act of 1933 is amended to read as follows:

"The provisions of section 35, as amended, and the provisions of section 36, as amended, shall apply in the case of Banks for Cooperatives in the same manner and to the same extent as such provisions are applicable to the Central Bank for Cooperatives, except that powers conferred on the chairman of the board of the Central Bank for Cooperatives shall be exercised by the Boards of Directors of the Banks for Cooperatives, subject to the approval of the Farm Credit Administration."

MEMBERSHIP OF DISTRICT FARM CREDIT BOARDS

SEC. 14. Section 5 (b) of the Farm Credit Act of 1937 is amended to read as follows:

"(b) There shall be in each farm credit district a farm credit board which shall be selected as hereinafter specified and shall be composed of seven members. Each farm credit board shall include in its title the

name of the city in which the Federal land bank, Federal intermediate credit bank, production credit corporation, and regional bank for cooperatives of the district are located. Three of the seven members of said board shall be known as elected directors, of whom one shall be chosen by national farm loan associations, one shall be chosen by production credit associations of the district, and one shall be chosen by cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives in the district. Subject to the other provisions hereof, 3 of the 7 members shall be known as district directors and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. The seventh member of such board shall be known as director-at-large and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. Each farm credit board shall elect from its members a chairman and vice chairman, and shall appoint a secretary from within or without its membership as it may see fit. The chairman, vice chairman, and secretary shall each be elected for a term of 1 year and until their successors are elected and take office and the board shall elect such officers each year. The chairman shall preside at all meetings and the vice chairman shall preside in the absence or disability of the chairman. The board may, in the absence of both the chairman and vice chairman, elect a member to act as chairman pro tempore."

SEC. 15. Section 5 of the Farm Credit Act of 1937 is amended by striking out the entire text of subdivision (d) thereof and inserting in lieu thereof the following:

"(d) (1) The member of the farm credit board of each farm credit district known as the 'third district director,' who is in office on the effective date of this act, shall serve as such until his term of office expires. Thereafter, there shall be no member of the district farm credit board to be known as the 'third district director.'

"(2) Notwithstanding the above provision with respect to the appointment of district directors, one additional member of said board shall be elected by each of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district), and serve in lieu of a district director, under the following circumstances and conditions:

"(A) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by national farm loan associations, surplus, and reserves of a Federal land bank shall equal or exceed 66⅔ percent of the total of the capital stock, surplus, and reserves of such bank as of the date 3 months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the national farm loan associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date 3 months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the

groups aforesaid as herein provided: *And provided further*, That such national farm loan associations shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

"(B) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by persons other than the production credit corporation of the district, surplus, and reserves of the production credit associations (collectively) of a farm credit district shall equal or exceed 66⅔ percent of the total of the capital stock, surplus, and reserves of the production credit associations (collectively) of said district as of the date 3 months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the production credit associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That, if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date 3 months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *And provided further*, That such production credit associations shall again and from time to time elect one additional director as aforesaid, if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

"(C) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock and subscriptions to the guaranty fund held by cooperatives which are stockholders or subscribers to the guaranty fund of a regional bank for cooperatives, surplus and reserves of said bank shall equal or exceed 66⅔ percent of the total capital stock, subscriptions to the guaranty fund, surplus and reserves of said bank as of the date 3 months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the cooperatives which are stockholders or subscribers to the guaranty fund of said bank in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date 3 months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *And provided further*, That such cooperatives which are stockholders or subscribers to the guaranty fund of said bank shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid: *Provided*, That at no time and under no conditions shall there be in office less than 1 or

more than 2 members of said board who are serving by election of any one of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district): *And provided further*, That if two or more of said groups shall, under the terms and provisions hereof, become qualified to elect an additional director pending the expiration of the term of office of the district director (or third district director) whose term next expires, preference shall be given, first to national farm loan associations and borrowers through agencies, next to production credit associations, and next to cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives, to elect an additional director as herein provided as the terms of office of district directors, including the third district director if he be still in office, expire."

SEC. 16. (a) Any other provisions of law to the contrary notwithstanding after the effective date of this act any production credit association may, with the approval of the President of the Production Credit Corporation and of the Farm Credit Administration, issue nonvoting preferred stock, to be known as class C stock, which may be purchased and held by production credit corporations and by investors: *Provided*, That the issuance of such stock shall be authorized by vote of not less than two-thirds of the outstanding shares of class A stock of the association (other than shares held by the Production Credit Corporation) by the holders thereof in person or by proxy and by vote of not less than two-thirds of the outstanding shares of class B stock of the association by the holders thereof in person or by proxy; and for this purpose holders of class A stock (other than the Production Credit Corporation) and holders of class B stock shall be entitled to one vote for each share of stock held by them.

(b) Such class C stock of such associations shall be divided into shares of \$5 each. The resolution of the stockholders authorizing the issuance of class C stock and every certificate of class C stock issued shall state and express the privileges, restrictions, limitations, and qualifications affecting said stock, and the total amount of the authorized issue to which it belongs.

(c) Such class C stock may (1) be made subject to redemption in such manner, at such time or times, and at such price or prices; (2) be given such preferences as to net assets upon dissolution of the corporation, whether voluntary or involuntary; (3) be given the right to receive such cumulative or noncumulative dividends payable quarterly, semiannually, or annually, and payable as a whole or in part before any dividend shall be set apart for or paid on class A and class B stock; and (4) be made subject to such other restrictions, limitations, and qualifications; as shall be stated and expressed in the resolution of the stockholders authorizing the issuance thereof and in the face of the stock certificates.

APPROPRIATIONS AND EXPENDITURES

SEC. 17. (a) There are authorized to be appropriated such sums as may be necessary or appropriate for administering the provisions of this act.

(b) Farm Credit Administration may, within the limits of funds available therefor, make necessary expenditures for personnel services and rent at the seat of government and elsewhere; contract stenographic reporting services; purchase and exchange of lawbooks, books of reference, periodicals, newspapers, expenses of attendance at meetings and conferences; purchase, operation, and maintenance, at the seat of government and elsewhere, of motor-propelled passenger-carrying vehicles and other vehicles; printing and binding; and for such other fa-

cilities and services as it may from time to time find necessary for the proper administration of this act.

SEC. 18. This act shall take effect 90 days after the date of its enactment: *Provided, however,* That immediately following the enactment of this act the Farm Credit Administration shall proceed with the designation of nominees as provided in section 4 (a) hereof and the members of the Federal Farm Credit Board shall be appointed or designated sufficiently in advance of the effective date of this act to enable said Board to prepare to enter upon the discharge of its duties upon the effective date of this act; and after the effective date of this act, the compensation and expenses of the Board members shall be paid, as provided herein, from the date on which their appointments became effective, out of any funds available for the payment of administrative expenses of the Farm Credit Administration.

SEC. 19. All acts or parts of acts inconsistent with the provisions of this act are hereby repealed to the extent of such inconsistency.

SEC. 20. (a) If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

(b) The right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. HOPE (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and open to amendment at any point thereof.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments:

Page 8, line 14, after the word "Administration", before the period insert a colon, and add the following: "*Provided, however,* pending retirement of Government capital in institutions supervised by the Farm Credit Administration, the appointment of the Governor shall be subject to the approval of the President; and during such period the President shall have power to require the removal of the Governor."

Page 8, line 17, delete the figure "\$20,000" and insert in lieu thereof "\$17,500."

Page 9, line 17, after the word "vacant", before the period, insert a colon, and add the following: "*Provided,* That if as of that date a Governor has not been appointed, and qualified, under this act, the Secretary of Agriculture shall designate an assistant to the Secretary to serve as Acting Governor of the Farm Credit Administration and such Acting Governor shall exercise and perform all functions, powers, and duties vested in the Farm Credit Administration until the appointment and qualification of a Governor as in this act provided. The Acting Governor shall be subject to the powers of the Board when the Board has been appointed and qualified."

Page 9, lines 21 and 22, delete the following: "(2) to exercise adequate budgetary control over the Farm Credit Administration," and renumber the following subsections to conform.

Page 13, lines 15 to 17, delete the words "Agricultural Research Administration in the Department of Agriculture, as a bureau of such agency," and insert in lieu thereof the words "jurisdiction and control of the Secretary of Agriculture."

Page 14, lines 14 and 15, after the word "Division" delete the words "in said Department."

Page 18, line 18, after the words "Farm Credit Board," insert the following: "No person shall be eligible hereafter for nomination or appointment to membership as an appointed member on said Board if such person has within 1 year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operating under the supervision of the Farm Credit Administration."

Page 25, line 22, at the end of subsection (a), before the period insert the following: "*Provided,* the cost of examinations and of administrative supervision of the Farm Credit Administration shall continue to be supported by assessments against institutions supervised by the Farm Credit Administration as provided in the Department of Agriculture Organic Act of 1944."

Page 25, line 24, after the words "available therefor", insert the following: "and subject to the provisions of law generally applicable to Government agencies."

Page 26, line 10, delete the word "ninety" and insert in lieu thereof "one hundred twenty."

The committee amendments were agreed to.

[Mr. JONES of Missouri addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KEARNS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 4353) to increase farmer participation in ownership and control of the Federal Farm Credit System, to create a Federal Farm Credit Board, to abolish certain offices, to impose a franchise tax upon certain farm credit institutions, and for other purposes, pursuant to House Resolution 328, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

A WARNING AND A HINT

(Mr. NEAL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NEAL. Mr. Speaker, the State of West Virginia during the fiscal year 1953 paid unemployment compensation of \$14,442,000, an increase of almost \$4 million over the preceding year. At the same time the State of West Virginia paid in public relief through the department of public assistance about \$10,500,-

000. Mind you, this is for a population of 2 million people.

The question comes up relative to the choice of deciding whether the Porcelain Products Co., of Parkersburg, W. Va., bidding about \$29,000 higher for a contract of purchase materials to go into the Bonneville Dam, should be given this contract rather than to have it extended to the Japanese concern which is now bidding for it.

This contract is now being held in abeyance by the Procurement Division pending the study of reasons for either accepting or rejecting this contract. There are a number of reasons, the most important of which I would say is the lack of employment in the State of West Virginia. Particularly is this true in Wood County and in Parkersburg, where to deprive those people of employment of 50,000 man-hours, the number required to do this job, would throw 100 men out of employment for about 1,250 weeks, for which the State of West Virginia must pay \$30 per week in unemployment insurance in addition to the high level of payments to the unemployed now prevailing and the continuing growth of unemployment rolls resulting from closing coal mines.

U. S. News & World Report of July 17 carries two timely articles: New Industrial Giant: Europe, page 20, and Latin America, What's Wrong? on page 30. These articles indicate an economic trend reaching proportions that threaten to boomerang to our disadvantage.

Government officials and business leaders should read the articles and project their most serious thought toward America's economic future. The consequences, while not specifically expressed, are not beyond the purview of industrial economists nor are they heartening to the American worker.

After all the billions of dollars, the technological skills, production tools, and business methods we have contributed to Western Europe, we now learn their combined sum total of industrial expansion has far outgrown all prewar records. To encourage this high standard of industrial productivity, the United States continues the international export of dollars and their distribution through channels that make it easier for Europe to get her much needed raw materials.

Since these dollars do not go far enough to sustain the purchasing power of most of these raw-material-producing countries to allow them to absorb Europe's surplus of industrial output, we Americans are now being asked to import these surpluses. We are urged to share our dollars in the market place with importers and dealers in merchandise competing with the products of our own factories, upon whose labor and price standards we depend for our economic welfare. A visit to most any retail establishment today will convince one of this fact.

Europe will not much longer need our machine tools, heavy equipment, and consumer goods, now that they have attained the capacity to produce their own. But they will surely need to find a market for their surplus, which now promises

to be far in excess of our ability to absorb. To attempt to do this would unduly disturb our labor and industry, causing widespread unemployment.

Europe's trade has always depended upon interchange with colonial dependencies outside of Europe and in Asia. This is her source of raw materials and, at the same time, the outlet for her finished goods. North America cannot fill the gap while maintaining its own economy.

If we accept the foregoing thesis and acknowledge our inability to keep up the bolstering of Europe's industrial capacity, then we must recognize one important principle, namely, without our dollars and economic aid Western Europe will be forced to look elsewhere for markets.

This is being done already. It can be readily seen in the recent action of the British Government in refusing to further cooperate in maintaining the world price of wheat. It is a known fact that Great Britain is now in the process of negotiating with the Soviet Government for the delivery of wheat in exchange for her own manufactured products. While Great Britain has pretended to deny her trade with Communist China, we have seen frequent instances of the promise being broken. It is very plain that England is now most anxious to establish trade relations with Communist China, although her diplomatic representatives are not accepted by the Peiping Government.

At the present time Belgium and Holland are able to sustain a fair balance of trade because of the opportunity they have in Africa and other colonial areas. West Germany in its industrial recovery is already bursting at the seams, reaching beyond her borders in search of markets and raw materials. France, ready to desert Indochina, is limited to Northern and Central Africa. Italy, overcrowded and half Communist, must find outlets or suffer internal collapse.

The one big question remains: What can America do toward evolving a plan that will permit Germany, Western Europe, and Japan to engage in trade with countries now unfriendly with us without encouraging these nations to become incorporated with and taken into the orbit of Russian and Asian communism?

It must be evident that to survive these nations, openly or clandestinely, will be compelled to find trade where trade is available.

The United States still sets the pace in industrial productivity, surpassing both in quantity and quality any other national of the world. Our ability to compete with other industrial nations still gives us a great advantage in world trade. While our South American neighbors, with their great wealth of raw materials and food products, find their best outlets in Europe, yet the products of American factories still appeal to them. If we adopt more aggressive salesmanship policies, seeking to better understand the Latin people, deal with them as equals and apply more lenient credit policies, as has been the custom of the European nations, we can meet competition and greatly strengthen economic ties that will stabilize their governmental systems.

Western Europe and Japan must find outlets elsewhere than in America. How, then, can we find a formula that will permit these nations to engage more freely in trade with nations woven into the Communist net of Russian influence? It is perhaps time that we consent to more freedom of trade and barter between our allies and the hungry parts of the world anxious to break their iron curtain barriers.

In spite of our dislike for socialism, we find ourselves engulfed in the rapid transition toward ever increasing liberalization. This trend is apparent throughout the world where nations are not subject to the rules of arbitrary dictatorship.

We have been engaged in a cold war, predicated mainly on differing political ideologies, convinced of their incompatibility. In doing so, we created commercial barriers that threw world trade out of balance. World peace, if and when it comes, will depend upon our success in reestablishing this trade balance. Political ideologies and nationalistic ambitions will prevail throughout time. Our big job is to learn to live with the world as it is and accept changes other nations undergo, which changes are, in most instances, beyond our control. But, at the same time, we must not permit our own economy to suffer an internal breakdown.

[Mr. SCHENCK addressed the House. His remarks will appear hereafter in the Appendix.]

ADEQUATE PURCHASING POWER

The SPEAKER. Under the previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 20 minutes.

(Mr. PATMAN asked and was given permission to revise and extend his remarks and include extraneous matter.)

PURCHASING POWER NECESSARY FOR PROSPERITY

Mr. PATMAN. Mr. Speaker, if the people have adequate purchasing power the country is prosperous; if the people do not have adequate purchasing power the country is in a depression. Our main reason therefore for trying to keep our country on an even keel now is a selfish reason in that we want continued purchasing power among the masses of the people which will permit the country to go on on an even keel and continue the prosperous times we have enjoyed for the past years.

The wage earners and the farmers represent the two largest groups in the purchasing power field, we will call it, and they represent enough or a sufficient amount of the purchasing power of this country that if either the farmers or the wage earners suffer by reason of a lack of purchasing power the entire Nation suffers. In the recent past the wage earners have not suffered so much from the lack of purchasing power; in fact, they have enjoyed prosperity, and we want them to continue to enjoy prosperity. But this other group who represent the farmers have been suffering from a depressed condition. That depressed condition started not 1 month ago or 2 months ago, but it really started more than 2 years ago. It is true that it did

not get into high gear 2 years ago; it just got started, we will say, in low gear and coasted along and then after the election last fall it seemed to get into second gear, and after Mr. Eisenhower was inaugurated it seemed to get into high gear. So that policy I consider is a ruinous policy. I do not think there should be any politics in this. I think the question of the continued security and prosperity of our country should be at least on a bipartisan basis, certainly not political; so I want to recite just a little bit, if I may, how this lack of purchasing power got started among the farmers.

Mr. Marriner Eccles was Chairman of the Federal Reserve Board; and in 1947 in July, Mr. Eccles as Chairman of the Board, convinced the Board that the pattern of interest rates which was very low and should have been low because this big national debt was created on low-priced dollars or on what some people call cheap dollars; therefore we should have low-interest rates to carry the cheap dollars, so at that time we had a pattern of interest rates. On bills we paid three-eighths of 1 percent; on certificates we paid seven-eighths of 1 percent; and if they were offered by the Treasury at those rates and if they were not accepted by the commercial banks or the private investors the Federal Reserve banks took them, which they had a right to do, and saved the Government a lot of money because interest rates were low. But Mr. Eccles decided he would break that pattern and in July 1947, the pattern was broken and they took that ceiling off. These interest rates began to climb on these short-term securities, but they did not climb too much. Then the question of reappointment of Mr. Eccles came up and Mr. Truman, the President at that time, would not reappoint Mr. Eccles. Mr. Eccles had some ideas about why he was not reappointed which I think were wrong. He seemed to overlook the fact that President Truman resented his attitude and actions on interest rates.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. The gentleman has a vast knowledge on this question. I am deeply concerned about why my dollars do not buy more than they do. Will the gentleman get to that?

Mr. PATMAN. They buy as much as the economy will allow at this time and while they do not buy as much of certain things that the gentleman would like to have they will at least pay a dollar on the debts. Every dollar you have is worth 100 cents on the debts that you owe or that the Government owes.

Mr. HOFFMAN of Michigan. I do not owe anyone. I am not interested in that angle.

Mr. PATMAN. The gentleman has to pay taxes in order to pay the Government debt.

Mr. HOFFMAN of Michigan. I am trying to get some personal help. I am not joking about this matter. Every time I take a 10-dollar bill and go to the grocery store I get a little sack and I have to go back a couple of days later.

SENATE - July 17

14. **FCA REORGANIZATION.** The Agriculture and Forestry Committee reported with amendments S. 1505, to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; and to impose a franchise tax upon certain farm credit institutions (S. Rept. 600)(p. 9274).
15. **FUR LOANS.** Began debate on S. 1152, to extend for 5 years the authority of USDA to make emergency loans to fur farmers (pp. 9309-18).
16. **WATER CONSERVATION.** The Public Works Committee reported with amendments S. 2094, to facilitate the development and construction of water conservation facilities by States and municipalities (S. Rept. 599)(p. 9274).
Passed as reported S. 1197, to authorize Nebr., S. Dak., and Wyo. to negotiate a compact for division of Mobrara River waters (pp. 9287-8).
17. **APPROPRIATIONS.** The Appropriations Committee reported with amendments H. R. 5969, the defense appropriation bill for 1954 (S. Rept. 601)(p. 9274).
18. **COMMITTEES.** Received a report from each Senate committee on its personnel and funds (pp. 9274-80).
19. **TREATIES.** Sen. Wiley inserted a second report by the N. Y. State Bar Association opposing the Bricker resolution to limit treaty powers (pp. 9307-9).
20. **RECESSED** until Mon., July 20 (p. 9428). **LEGISLATIVE PROGRAM** as announced by Sen. Knowland: Mon., rubber-plant sales and perhaps Small Business Administration; Wed. and remainder of week, defense appropriation bill (p. 9274).

SENATE-- July 18

21. **FUR LOANS.** Passed as reported S. 1152, to extend for 5 years the Department's authority to make emergency loans to fur farmers but to limit the authority to the making of supplemental loans to existing borrowers (pp. 9380, 9387-95).
22. **PERSONNEL.** Passed without amendment H. R. 1571, to permit appointment of Federal or Territorial employees to the Alaska Game Commission if no others are available (p. 9407). This bill will now be sent to the President.
Discussed and passed over H. R. 5228, to provide annuities for retired Comptrollers General (p. 9413).
23. **SMALL BUSINESS.** The Banking and Currency Committee reported with amendments S. 1523, to create a Small Business Administration (S. Rept. 604)(p. 9373).
24. **IMMIGRATION.** The Judiciary Committee ordered reported (but did not actually report) S. 1917, to admit certain refugees, etc. (p. D732).
25. **RUBBER.** Made S. 2047, providing for sale of Government rubber plants, the unfinished business(pp. 9395-8, 9417).
26. **COTTON QUOTAS.** Sen. Anderson inserted and discussed several amendments which he intends to propose to his bill, S. 2183, to amend the cotton marketing quotas law. The amendments would remove from the 1% national reserve farmers who have been established between 1947 and 1952 and provide for popular referenda either every year or every three years (pp. 9375-6.)
27. **PUBLIC LANDS.** Passed as reported H. R. 1802, relative to leasing Alaskan lands

which have been reserved for educational purposes and have been found to contain minerals (pp. 9403-4).

Passed without amendment H. R. 1308, to amend the Color of Title Act relating to public land patents (pp. 9407, 9416-7). This bill will now be sent to the President.

Passed as reported S. 1397, to clarify the status of mining claims in areas held under an oil and gas prospecting permit or lease (pp. 9411-3).

28. RECLAMATION. Passed as reported S. 887, to permit the exchange and amendment of farm units on Federal irrigation projects (pp. 9401-3).

Passed as reported S. 727, to provide for cost adjustments on the Deaver, Willwood, and Belle Fourche projects (p. 9400).

Passed as reported S. 1433, to extend certain benefits of the Reclamation Project Act to the Arch Hurley district, N. Mex. (p. 9401).

29. WHEAT BLENDING. Passed with amendments S. 2137, to prohibit the blending of wheat imported as unfit for human consumption with wheat suitable for human consumption (pp. 9398-400). Agreed to a Young-Anderson amendment providing that, in addition to fine and imprisonment specified in the bill, a violator shall be fined for each bushel of wheat and each 43 pounds of flour by an amount equal to the duty on a bushel of wheat fit for human consumption, and by making the bill applicable to all wheat classified under the Tariff Act as wheat unfit for human consumption (p. 9399). Also agreed to a Smathers amendment providing for easier conviction of violators (pp. 9399-400).

30. BANKING AND CURRENCY. Sen. Morse criticized the "hard money" policy (pp. 9420-8).

31. DROUGHT RELIEF. Sen. Aiken inserted an Okla. Cattlemen's Assn. resolution recommending a meat-purchase program (p. 9372).

32. EXPENDITURES. Sen. Wiley inserted a Neenah (Wis.) Kiwanis resolution favoring economy in Government expenditures (pp. 9372-3).

33. RECESSED until Mon., July 20 (p. 9428).

BILLS INTRODUCED

34. VETERANS' BENEFITS. S. 2406, by Sen. Smith, to amend the Veterans' Readjustment Assistance Act of 1952 to provide for an educational cost grant to institutions of higher learning, and for other purposes; to Labor and Public Welfare Committee (p. 9280). Remarks of author (p. 9281).

H. R. 6376, by Rep. Springer, to amend the Veterans' Readjustment Assistance Act of 1952 to provide for an educational cost grant to institutions of higher learning, and for other purposes; to Veterans' Affairs Committee.

35. COTTON IMPORTS. S. 2412, by Sen. Gore, provides that the length of staple of cotton presented for entry into the United States be determined in accordance with the official standards of the United States as established by the Secretary of Agriculture, to Finance Committee. (p. 9280).

36. MINERALS. H. R. 6371, by Rep. Harrison of Wyoming, to amend section 17 of the Mineral Leasing Act of February 25, 1920, as amended; to Interior and Insular Affairs Committee (p. 9368).

FARM CREDIT ACT OF 1953

JULY 17 (legislative day, JULY 6), 1953.—Ordered to be printed

Mr. SCHOEPPPEL, from the Committee on Agriculture and Forestry,
submitted the following

REPORT

[To accompany S. 1505]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1505) to increase farmer participation in ownership and control of the Federal Farm Credit System; to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes, having considered the same, report thereon with a recommendation that it do pass with amendments.

PURPOSE OF THE BILL

The principal purpose of the bill is to provide for increased farmer participation in management of the farm credit system commensurate with their increased ownership in the system. This has been an objective of Congress since the system was created as a cooperative credit system by the Federal Farm Loan Act of 1916; and the present bill represents years of work by some of the principal farm organizations. In providing for increased management responsibility for farmers, the bill gives recognition to increased farmer ownership in the system and provides an incentive for further farmer ownership. Under existing law all of the Government investment in the Federal land banks, and in 243 of the 499 production credit associations, had been repaid by June 30, 1952. Your committee believes that the system will be greatly strengthened by the type of management provided by the bill and that, as a consequence, it may be practicable to work out plans for retiring the remainder of the Government's investment in the system. The bill itself makes no additional provision, however, for retiring Government capital at this time or at any time in the future. That is left to subsequent legislation at such time as the retirement of capital may appear to be feasible and desirable.

ORGANIZATIONAL BACKGROUND

The authority of the FCA stems from the Federal Farm Loan Act of 1916, and numerous other laws. Its purpose is to supervise and coordinate a cooperative credit system for agriculture.

There are 12 farm credit districts. Each has (1) a Federal land bank, (2) a Federal intermediate credit bank, (3) a production credit corporation, and (4) a bank for cooperatives. Activities of the four institutions are coordinated through a farm credit board for the district, the members of which are ex officio directors of each of the institutions. In addition to the district institutions the system includes a central bank for cooperatives, a cooperative research and service division, and the central supervisory and examining organization.

Each Federal land bank makes long term, first-mortgage farm loans through national farm-loan associations. The stock of the land bank is owned by the national farm-loan associations in its district, and the stock of each national farm-loan association is owned by its member borrowers. In obtaining a loan a borrower purchases stock in the association equal to 5 percent of the loan, and the association endorses the loan and purchases an equivalent amount of the bank's stock. When the loan is repaid, the stock in the bank and the association is retired.

The Federal intermediate credit banks make short-term loans to, and discount short-term paper for, various financial institutions for agricultural purposes. They are wholly Government owned.

Each production credit corporation organizes, provides supplemental capital to, and supervises, production-credit associations, which, in turn, make short-term agricultural loans to their members. Members of an association are required to own \$5 worth of the association's stock for each \$100 borrowed. The production-credit corporations are wholly Government owned, while the production-credit associations are almost entirely farmer owned. Funds for loans are obtained principally by discounting farmers' notes with the Federal intermediate-credit bank.

The banks for cooperatives make commodity, operating capital, and facility loans to farmers' cooperative associations. The Central Bank for Cooperatives generally serves national and large regional cooperatives. The initial capital for the banks for cooperatives was provided by the United States from the revolving fund authorized by the Agricultural Marketing Act, and about 90 percent of the capital of the banks is Government owned. Each borrower is required to own \$100 worth of stock for each \$2,000 loaned to it in the case of operating capital and facility loans, and \$100 worth of stock for each \$10,000 loaned to it in the case of commodity loans. Stock is retired at the request of the borrower upon repayment of the loan. Cooperatives which are not authorized to purchase stock are required to pay an equivalent amount into a guaranty fund.

The Cooperative Research and Service Division studies problems relating to cooperative marketing of agricultural products and cooperative purchasing of farm supplies and services.

The Federal Farm Mortgage Corporation provided funds for Land Bank Commissioner loans until the expiration of authority to make such loans on July 1, 1947. Loans to cooperatives were made from the revolving fund created by the Agricultural Marketing Act prior to establishment of the banks for cooperatives in 1933.

PROVISIONS OF THE BILL

Set out below is an analysis of the bill, as it would be amended by the committee amendments.

Title

Section 1 provides a short title, the "Farm Credit Act of 1953".

Declaration of policy

Section 2 declares the policy of Congress to encourage increased borrower management and ultimate ownership of the farm credit system. The Federal Farm Credit Board (created by sec. 4 of the bill) is required within 1 year after appointment to submit recommendations to Congress for carrying this policy into effect. The committee amendment requires these recommendations to include means of increasing borrower ownership to the end that the remainder of the Government capital may be retired. It cannot be pointed out too strongly, however, that the bill itself makes no provision for the retirement of Government capital at this time.

Farm Credit Administration

Section 3 places the Farm Credit Administration (hereinafter referred to as FCA) under the supervision of the new Federal Farm Credit Board, instead of the Secretary of Agriculture, as at present. The FCA would remain in the Department of Agriculture for house-keeping purposes. Reports to the President with respect to its operations and functions would be made by the Secretary.

Federal Farm Credit Board

Section 4 (a) establishes a Federal Farm Credit Board of 13 members; 1 to be appointed by the President from each of the 12 farm credit districts with the advice and consent of the Senate and 1 to be designated by the Secretary of Agriculture. In making appointments to the Board, the President is required to give due regard to a fair representation of the public interest, the welfare of all farmers, and the various types of cooperative agricultural credit interests; give special consideration to persons who are experienced in cooperative credit; and consider nominations submitted, respectively, by (1) the national farm loan associations, (2) the production credit associations, and (3) the cooperatives which are stockholders of or subscribers to the guaranty fund of the banks for cooperatives, in each of the 12 farm-credit districts. The 3 nominees from each farm-credit district would be chosen by each group of institutions in substantially the same manner in which they elect members of the district farm-credit boards. Each group would first nominate 2 nominees, and then select 1 of the 2 for its nomination to the President. The amendments made by the committee provide that the President shall "receive and consider" nominations made as provided in the subsection, rather than requiring him to act only upon such nominations, since there might be some constitutional objection to limiting the President's appointing power too severely. The amendments also set forth the criteria to be considered by the President in making his appointments.

Section 4 (b) provides that each member appointed by the President must be a citizen of the United States; a resident of the farm-credit district from which appointed for not less than 10 years before ap-

pointment; and must have had no salaried position with the FCA or any corporation operating under the supervision of the FCA for at least 1 year prior to appointment. Removal of residence from the district during the term would terminate membership. No member can serve more than one 6-year term plus one term of less than 6 years if he is one of the first members to be appointed, or if he is appointed to fill the unexpired portion of one term expiring before his appointment to a full term. Members of district farm-credit boards are eligible for appointment, but must resign from the district post if appointed. Any appointed Board member must resign from the Board if he becomes a district director, or connected with the FCA or any corporation operating under its supervision. The committee amendment simply inserts language apparently omitted by inadvertence.

Section 4 (c) provides that the terms of appointed Board members are 6 years; but pairs of members of the initial Board would serve staggered terms of 1, 2, 3, 4, 5, and 6 years, respectively. All vacancies in such offices are to be filled for the unexpired term in the same manner as original appointments.

Section 4 (d) provides that the 13th member of the Board shall be designated by the Secretary, serve at his pleasure, and be known as his representative. He must be a citizen of the United States and must have been a resident thereof for at least 10 years preceding his designation. He must not be a member of a district farm credit board, or an officer or employee of any corporation supervised by the FCA. The Secretary's representative cannot be chairman, vice chairman, or secretary of the Board, but shall otherwise possess all rights and privileges of membership.

Section 4 (e) covers details of Board organization. Provision is made for initial, and thereafter annual, election of a chairman, vice chairman, and secretary. The secretary may or may not be a Board member. The chairman, or vice chairman in the former's absence or disability, is to preside at meetings. If both are unavailable, the Board may elect a chairman pro tempore. A quorum is seven members. A quorum of the Board may function even though there are vacancies. The Board may fix the time and place of meetings, shall hold at least 4 regular meetings, and may hold special meetings on call of the chairman or any 3 members.

Section 4 (f) fixes compensation of Board members at \$50 per day or part thereof spent in performance of official duties (not to exceed 75 days or parts thereof per year) plus actual, as opposed to usual governmental allowances for travel, subsistence, and other expenses. The Secretary's representative may not receive salary, if a full-time employee of the United States, or if payment is otherwise prohibited by law.

Section 4 (g) provides that the Board shall adopt rules of conduct of its business and shall keep permanent and complete records and minutes of its acts and proceedings.

Governor of Farm Credit Administration

Section 5 (a) provides for appointment by the Board of a Governor, who shall serve at its pleasure, and be responsible for the execution of the Farm Credit Act of 1953 and all acts creating the powers, functions, and duties of the FCA, subject to the general supervision and

direction of the Board as to matters of a broad and general supervisory, advisory, or policy nature, and except as otherwise provided in the act. The committee amendment provides that pending retirement of Government capital in institutions supervised by the FCA, the appointment of the Governor shall be subject to the approval of the President; and during such period the President shall have power to require removal of the Governor. At present the Governor of the FCA is appointed by the President, by and with the advice and consent of the Senate, for a term of 6 years (12 U. S. C. 1141a).

Section 5 (b) provides that the Board shall fix the salary of the Governor at not to exceed \$15,000 per year. The committee amendment reduced this maximum salary to \$15,000 from \$20,000 to bring it in line with salaries of Assistant Secretaries and others having comparable responsibilities. The salary now provided by law for the Governor is \$14,000 (12 U. S. C. 1141a).

Section 5 (c) makes it the duty of the Governor to comply with all orders and directions which he receives from the Board. As to third persons, the Governor's acts are conclusively presumed to be in compliance with the Board's orders and directions.

Section 5 (d) provides that the Governor shall appoint personnel necessary to carry out the functions of FCA, subject to the provisions of the Classification Act. The committee amendment makes it clear that these appointments are to be made subject to the Classification Act, as they are at present. Salaries would thus be in line with those in other Government agencies.

Section 5 (e) terminates the present Governor's term as of the effective date of the act. If as of that date a Governor has not been appointed and qualified under this act, the Secretary of Agriculture shall designate an assistant to the Secretary to serve as Acting Governor of the FCA until the new Governor is appointed. The Acting Governor is made subject to the power of the Board when the Board has been appointed and qualified. The committee amendment is designed to assure that someone will be in a position to carry out all of the Governor's responsibilities until the Federal Farm Credit Board has had an opportunity to appoint a Governor of its choice.

Responsibilities of the Board

Section 6 vests in the Board the function and duty (1) to see that the policies fixed by the Board are carried out, (2) to require such reports as it deems necessary from the Governor and from any of the officers or corporations under the control or supervision of the FCA, (3) to make an annual report to Congress including legislative recommendations, and (4) to exercise general direction and supervision over the performance of all functions, powers, and duties vested in the Governor when relating in the judgment of the Board to matters of a broad and general supervisory, advisory, or policy nature. The Board may operate only as a unit and "shall not operate in an administrative capacity." All administrative powers, functions, and duties are to be exercised and performed by the Governor. The committee amendment would strike out the Board's function of exercising budgetary control over the FCA in order to make it clear that FCA and the wholly Government-owned corporations would continue to be subject to the Budget and Accounting Act and the Government Corporation Control Act.

Offices abolished and funds transferred

Section 7 (a) abolishes the offices of the four commissioners in the FCA and transfers the Federal Farm Mortgage Corporation and all of its functions and activities to the FCA to be administered therein under the general direction and supervision thereof. The Governor shall designate an officer or employee of the FCA to serve as a member of the board of directors of the Central Bank for Cooperatives, as chairman of the Board, and as executive officer of the bank, in lieu of Cooperative Bank Commissioner. The Governor shall also designate an officer or employee of the FCA to serve as a member of the board of directors of the Federal Farm Mortgage Corporation, in lieu of Land Bank Commissioner. At the present time there are four commissioners in the FCA (the Land Bank Commissioner, Production Credit Commissioner, Cooperative Bank Commissioner, and Intermediate Credit Commissioner), all appointed by the President with the advice and consent of the Senate (12 U. S. C. 638, 652, 653). The Federal Farm Mortgage Corporation is engaged solely in liquidating Land Bank Commissioner loans made prior to July 1, 1947. The Land Bank Commissioner is one of the directors of the Federal Farm Mortgage Corporation (12 U. S. C. 1020). The Cooperative Bank Commissioner is a member of the board of directors of the Central Bank for Cooperatives, is chairman of the board, and is the executive officer of the bank (12 U. S. C. 1134g, 1134h).

Section 7 (b) provides that employees in the Department of Agriculture who are being utilized primarily for the performance of FCA functions shall be transferred to the "jurisdiction and control" of the FCA in those instances in which the Governor determines that they are qualified and necessary to carry out the activities of the FCA.

Section 7 (c) transfers to the FCA all assets, funds, contracts, property, and records used in the performance of FCA functions.

Section 7 (d) transfers to the FCA so much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and other administrative expenditures as the Director of the Bureau of the Budget shall determine to be applicable to FCA functions.

Section 7 (e) transfers to the FCA all other unexpended balances of appropriations, allocations, or other funds (including those for the fiscal year ending June 30, 1953) available to the FCA or the Secretary, or both, on account of the functions and activities of the FCA.

Delegations to district institutions

Section 8 authorizes and directs the FCA to delegate supervisory functions to the land banks with respect to national farm loan associations, and to production credit corporations with respect to production credit associations; and authorizes the Federal land banks and the production credit corporations to accept such delegations and perform and exercise the delegated duties. The duties, powers, and authority which may be delegated are such as may be determined in the "interest of effective administration." There is no comparable provision in existing law but some supervisory functions have been delegated by FCA to Federal land banks and production credit corporations within the limits of existing law and pursuant to standards established by FCA.

Division of cooperative marketing transferred

Section 9 transfers the Cooperative Research and Service Division of the FCA, its functions, personnel, property, and such unexpended funds as the Director of the Bureau of the Budget shall determine to the jurisdiction and control of the Secretary of Agriculture.

Franchise tax provisions

Section 10 imposes a franchise tax equal to (a) 25 percent of net earnings after certain authorized deductions, or (b) a rate of return on Government capital in the institution calculated at a rate equal to the computed average annual rate of interest on all public issues of public-debt obligations of the United States issued during the fiscal year ending next before such tax is due, whichever is the lesser, on any Federal land bank having outstanding capital stock held by the United States. The United States holds no stock in any Federal land bank at the present time. The committee amendment is designed to provide a more definite measure of Government interest costs and follows the suggestion of the Secretary of the Treasury.

Section 11 imposes a franchise tax on production credit corporations equal to 25 percent of net earnings, after certain authorized deductions from gross income. These corporations are wholly Government owned.

Sections 12 and 13 impose a franchise tax equal to (a) 25 percent of net earnings after certain authorized deductions, or (b) a rate of return on Government capital in the institution calculated at a rate equal to the computed average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due, whichever is the lesser, on any of the 13 banks for cooperatives having outstanding capital stock held by the United States during the whole or any part of a fiscal year. About 90 percent of the stock of the banks for cooperatives is Government-owned. The committee amendment is designed to provide a more definite measure of Government interest costs and follows the suggestion of the Secretary of the Treasury.

Membership of district farm credit boards

Sections 14 and 15 change the method of selecting the 7 members of each district farm credit board; the 3 elected directors on each board would continue to be chosen as heretofore; the director at large would be appointed by the Governor with the advice and consent of the Federal Farm Credit Board; and the 3 district directors would be appointed in like manner unless such district directors are subject to being replaced by additional elected directors under the terms of the bill. These terms are: When in a district the sum of the capital stock and subscriptions to guaranty funds held by national farm loan associations and private persons, surplus and reserves of the Federal land bank, production credit associations (collectively) in the district, or the regional bank for cooperatives, respectively, is equal to or exceeds 66⅔ percent of the total capital stock and subscriptions, surplus, and reserves of such institutions, respectively, then in the case of the Federal land bank, the national farm loan associations shall elect 1 additional director; in the case of the production credit associations, they shall elect 1 additional director; and in the case of the regional bank for cooperatives, the stockholders and subscribers to the guaranty fund of such bank shall elect 1 additional director.

The prescribed capital stock situation must exist at least 3 months prior to the expiration of an appointed director's term in order to bring into play these election provisions, and if the prescribed proportion does not continue to obtain as of a date 3 months before the expiration of the term of such an elected director, then his successor is to be an appointed district director. If more than 1 group become qualified to elect a director and only 1 district director's term is expiring, preference in electing a director is given to the national farm-loan associations, production-credit associations, and holders of capital investments in the regional bank for cooperatives, in that order. The committee amendments (1) add the same restriction against appointment as district directors of salaried officers or employees of FCA as is contained in the section providing for the appointment of the Federal Farm Credit Board (sec. 4); (2) make it clear that abolition of the term "third district director" is to be measured from the effective date of the bill; and (3) provide that if 2 directors are to be elected by any group, they shall not be from the same State, unless the district includes only 1 State.

Section 16 authorizes each production-credit association, with the approval of the President of the production-credit corporation of its district and of the FCA, to issue a third class of stock known as class C which could be purchased by production-credit corporations or any investor. Such stock could not be issued by an association unless two-thirds of the combined total of the outstanding shares of class A stock (other than shares held by a production-credit corporation) and class B stock are voted (on the basis of one vote per share in person or by proxy) to authorize the issuance of such stock. Such stock is to be divided into shares of \$5 each, and each certificate shall state the provisions, restrictions, limitations, and qualifications affecting such stock.

At present each production-credit association has two classes of capital stock: Class A (nonvoting) and class B (voting) stock. Class A stock may be owned by farmers and other investors and by the Government through the production-credit corporations. Class B stock may be owned only by farmers who are eligible to borrow from the associations. Class A is preferred as to assets in case of liquidation, but both class A and class B stocks share proportionately in dividends (12 U. S. C. 1131e).

Appropriations and expenditures

Section 17 (a) authorizes appropriations to carry out the act. The committee amendment would make it clear that the cost of examination and administrative supervision of the FCA shall continue to be supported by assessments against institutions supervised by the FCA as provided in the Department of Agriculture Organic Act of 1944.

Section 17 (b) authorizes the expenditure of funds for certain specified services and property, including those usually covered by specific authorization in appropriation bills. With the exception of a direct appropriation from the Treasury each year for the operation of the Cooperative Research and Service Division (which by the bill would be taken out of the FCA) all the funds authorized by the Congress to be expended by the FCA are obtained from assessments against institutions supervised by the FCA (12 U. S. C. 832). The

committee amendment makes it clear that the expenditures authorized by this section are to be made subject to provisions of law generally applicable to Government agencies, as they are at present.

Section 18 provides that the act shall become effective 120 days after the date of its enactment but requires immediate action by the present FCA to hold the elections necessary to choose nominees for positions on the Board and permits earlier appointment of the Board members so that they may be prepared to function on the effective date of the act. The committee amendment would make the bill effective 120 days, instead of 90 days, after enactment to provide adequate time for selection of the Federal Farm Credit Board.

Section 19 repeals all acts or parts of acts inconsistent with the provisions of the bill to the extent of any such inconsistency.

Section 20 provides that the invalidity of any part of the act shall not affect the remainder of the act; and reserves the right to alter, amend, or repeal.

THE COMMITTEE AMENDMENTS

Your committee recommends the following amendments, most of which were suggested by the Department of Agriculture:

1. An amendment to section 2 to require the Federal Farm Credit Board to recommend means of increasing borrower ownership of the system so that the balance of the Government investment may be retired. This is a long range objective, to put the system in such a sound and independent position that Government assistance will no longer be necessary. There is no desire to withdraw capital so long as it is needed, and the bill itself makes no provision for the retirement of the Government investment.

2. The amendments to section 4 (a) to permit the President to appoint Federal Farm Credit Board members "after considering" rather than "upon," nominations from the local units are intended to remove possible constitutional objections to limitations upon the Presidential power of appointment. The amendment would also establish criteria to be considered by the President in making these appointments.

3. The amendment to section 4 (b) is intended to supply language which appears to have been omitted from the bill by inadvertence, and carries out what must have been the original intention.

4. The amendment to section 5 (a) would give the President approval and removal authority over the position of Governor so long as Government capital remains in the supervised institutions. It seems only reasonable that the President should have this power to protect the Government's investment.

5. The amendment to section 5 (b) would make the maximum salary allowable to the Governor \$15,000, instead of \$20,000. The committee felt that this would make it more in line with other positions of comparable responsibility, such as the President of the Commodity Credit Corporation (\$14,800), Administrator of the Rural Electrification Administration (\$15,000), and General Manager of the Tennessee Valley Authority (\$14,500). Salaries of Assistant Secretaries of the Department are also \$15,000. The salary now provided by law for the Governor of the Farm Credit Administration is \$14,000 (12 U. S. C. 1141a).

6. The amendment to section 5 (d) makes it clear that positions in the Farm Credit Administration are to be subject to the Classifica-

tion Act as they are at present, and as they are in other Government agencies. This will insure that their salaries will be comparable with those in other agencies.

7. The amendment to section 5 (c) will assure that someone will be in a position to exercise all functions of the Governor during the period, if any, after the Federal Farm Credit Board has entered upon its duties and before it has had an opportunity to appoint a Governor.

8. The amendments to section 6 would make it clear that the Farm Credit Administration and the wholly Government owned corporations would continue to be subject to the Budget and Accounting Act and the Government Corporation Control Act.

9. The amendments to section 9 would permit the Secretary of Agriculture to determine whether the Division of Cooperative Marketing should be placed in the Agricultural Research Administration or elsewhere in the Department. This amendment is in line with the recent reorganization plan designed to give the Secretary authority over the administration of the Department commensurate with his responsibilities.

10. The amendments to sections 10 and 12 carry out the suggestions of the Secretary of the Treasury, to provide a more definite measure of the Government's interest cost.

11. The amendment to section 14 would add the same restriction against appointment of salaried officers or employees of FCA as is contained in the section providing for the appointment of the Federal Farm Credit Board.

12. The amendments to section 15 would—

(1) Make a technical correction to date abolition of the designation "third district director" from the effective date of the Farm Credit Act of 1953; and

(2) Provide that if two directors are to be elected by any group, they shall not both be from the same State, unless the district includes only one State. All but 1 district includes more than 1 State. Where one of the States is a large one, it is likely that all directors might be elected from that State. The amendment would assure that the second director elected by any group would be from a different State than the first.

13. The amendment to section 17 (a) makes it clear that the expenses of maintaining the Farm Credit Administration would continue to be paid by assessments against district institutions, as at present.

14. The amendment to section 17 (b) makes it clear that laws generally applicable to expenditures by Government agencies will continue to apply to expenditures by the Farm Credit Administration.

15. The amendment to section 18 would make the act effective 120 days, instead of 90 days, after its enactment, to provide adequate time during the interim for selection of the Federal Farm Credit Board.

16. The title would be amended to eliminate language included by inadvertence relating to the establishment of the Farm Credit Administration as an independent agency.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

ACT OF JULY 17, 1916

AN ACT To provide capital for agricultural development, to create standard forms of investment based upon farm mortgage, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to create Government depositaries and financial agents for the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be "The Federal Farm Loan Act." Its administration shall be under the direction and control of the Federal Farm Loan Board hereinafter created.

* * * * *

SEC. 23. Every Federal land bank shall semiannually carry to reserve account a sum not less than 50 per centum of its net earnings until said reserve account shall show a credit balance equal to the outstanding capital stock of said land bank. After said reserve is equal to the outstanding capital stock 10 per centum of the net earnings shall be added thereto semiannually. Whenever said reserve shall have been impaired it shall be fully restored before any dividends are paid. Every joint stock land bank shall semiannually carry to reserve account 25 per centum of its net earnings until said reserve account shall show a credit balance equal to 20 per centum of the outstanding capital stock of said land bank. After said reserve has reached the sum of 20 per centum of the outstanding capital stock, 5 per centum of the net earnings shall be annually added thereto. Whenever said reserve shall have been impaired, said balance of 20 per centum shall be fully restored before any dividends are paid. For the period of two years from the date when any default occurs in the payment to any land bank of the interest, amortization installments, or principal on any first mortgage, by both mortgagor and indorser, the amount so defaulted shall be carried to a suspense account, and at the end of the two-year period specified unless collected, shall be debited to reserve account.

After deducting the 50 per centum or the 10 per centum directed to be deducted for credit to reserve account by section 901 of this title, any Federal land bank may declare a dividend or dividends to shareholders of the whole or any part of the balance of its net earnings, but only with the approval of the Farm Credit Administration. After deducting the 25 per centum or the 5 per centum directed to be deducted for credit to reserve account by section 901 of this title, any joint stock land bank may declare a dividend to shareholders of the whole or any part of the balance of its net earnings: *Provided*, That any dividend or dividends declared by any joint stock land bank shall be subject to the approval of the Farm Credit Administration. The reserves of land banks shall be invested in accordance with rules and regulations to be prescribed by the Farm Credit Administration.

Notwithstanding any other provision of this Act, in the case of a Federal land bank having outstanding capital stock held by the United States during the whole or any part of a fiscal year, said bank shall, after complying with the reserve requirements of the preceding paragraphs of this section and before declaring any dividends to shareholders, pay to the United States a franchise tax equal to 25 per centum of its net earnings then remaining, not to exceed, however, a rate of return of such Government capital calculated at a rate equal to the computed average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of the Treasury.

ACT OF JUNE 16, 1933

AN ACT To provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SECTION 1. This Act shall be known as the "Farm Credit Act of 1933."

* * * * *

STOCK OWNERSHIP OF PRODUCTION CREDIT CORPORATIONS IN PRODUCTION CREDIT ASSOCIATIONS

SEC. 6. (a) Each Production Credit Corporation shall have power to invest its funds in stock of production credit associations as provided in this section. Such corporation is authorized to subscribe and pay for class A stock in each Production

Credit Association located in the district served by such corporation in amounts sufficient to maintain the amount of class A stock held by it and other holders of class A stock equal, as nearly as may be, to 20 per centum of the volume of loans made or to be made by such association, as estimated by the corporation, but at no time shall the amount of class A stock outstanding be less than \$5,000 except with the consent of the association. Notwithstanding the provisions of the preceding sentence, (1) the governor, under rules and regulations prescribed by him, may permit a Production Credit Corporation to maintain the class A holdings of stock by the corporation and other investors at such amount, in excess of 20 per centum of such loans, as may be necessary, and (2) the corporation may at any time require the association to retire and cancel stock held by the corporation, the association has resources available therefor.

(b) Under such rules and regulations as may be prescribed by the governor and subject to such restrictions and limitations as he may prescribe, each Production Credit Corporation is authorized to subscribe and pay for stock in production credit associations not organized under this Act if such associations are controlled by cooperative associations as defined in section 55. Only stock which is preferred as to assets on liquidation and is entitled to participate in dividend distributions without discrimination may be subscribed for. The amount of the stock subscribed for by any Production Credit Corporation in any such association shall not at any one time exceed 75 per centum of the total paid-in capital of such association.

(c) The amount of the excess of earnings on stock held by the corporation above amounts necessary to pay operating expenses and restore losses and impairment of capital, if any, of the corporation shall be devoted to the creation and maintenance of a surplus equal to at least 25 per centum of the paid-in capital of the corporation. The amount of the surplus shall be invested as the governor shall prescribe in direct obligations of the United States or in class A stock of Production Credit Associations, or both.

(d) The amount of such excess of earnings not required in order to comply with the provisions of subsection (c) shall be paid into the revolving fund heretofore authorized. Stock held by the governor in the Production Credit Corporation shall be retired upon such payment in an amount equal to the amount of such payment.

(e) Each production credit corporation shall, at the end of each fiscal year (1) apply its earnings described in subsection (c) of this section in accordance with the provisions of subsections (c) and (d) of this section; and (2) apply its earnings from all other sources, first, to the payment of any operating expenses for the year remaining unpaid; second, to restore losses and impairment of capital, if any, of the corporation; third, to the creation and maintenance of a surplus equal to 25 per centum of the paid-in capital of the corporation; fourth, to the payment of 25 per centum of its earnings from all sources then remaining to the United States as a franchise tax, and fifth, to the payment of the remaining earnings into its surplus account.

* * * * *

EARNINGS AND RESERVES OF CENTRAL BANK

SEC. 36. [The Central Bank for Cooperatives shall, at the end of its fiscal year, apply the amount of its earnings in excess of operating expenses during such fiscal year, first, to making up any losses incurred; second, to the restoration of the amount of the impairment, if any, of capital and guaranty fund as determined by the chairman of the board; and at least 25 per centum of the remainder of such excess of earnings shall be applied to the creation and maintenance of a surplus equal to at least 25 per centum of the amount of the capital and guaranty fund. Any sums remaining may, with the approval of the chairman of the board, be devoted to the payment of dividends. Subscribers to the guaranty fund shall be entitled to dividends in the same amounts as subscribers to stock. No rate of dividend in excess of 7 per centum per annum shall be paid. Dividends on stock held by the governor, when paid shall be credited to the revolving fund created under section 6 of the Agricultural Marketing Act, as amended.] *That Central Bank for Cooperatives shall, at the end of its fiscal year, apply the amount of its earnings in excess of operating expenses during such fiscal year: First, to making up any losses incurred; second, to the restoration of the amount of the impairment, if any, of capital and guaranty fund as determined by the chairman of the board; third, 25 per centum of the remainder of such excess of earnings shall be applied to the creation and maintenance of a surplus equal to at least 25 per centum of the amount of the capital and guaranty fund; fourth, if said bank shall have outstanding capital stock held by the United States during the whole or any part of the fiscal year, it shall next pay to the United States as a franchise tax, a sum equal to 25 per centum*

of its net earnings then remaining, not exceeding, however, a rate of return on such Government capital calculated at a rate equal to the computed average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of Treasury; and fifth, any sums remaining shall be carried into its surplus account or devoted to the payment of dividends, as may be determined by the chairman of the board. Subscribers to the guaranty fund shall be entitled to dividends in the same amounts as the subscribers to the stock. No rate of dividend in excess of 7 per centum per annum shall be paid. Dividends on stock held by the Farm Credit Administration or the Governor thereof, when paid, shall be credited to the revolving fund created under section 6 of the Agricultural Marketing Act, as amended.

* * * * *

STOCK SUBSCRIPTIONS AND EARNINGS AND RESERVES

SEC. 42. [The provisions of sections 35 and 36 shall apply in the case of Banks for Cooperatives in the same manner and to the same extent as such provisions are applicable to the Central Bank for Cooperatives, except that powers conferred on the chairman of the board of the Central Bank shall be exercised by the boards of directors of the Banks for Cooperatives, subject to the approval of the governor.] The provisions of section 35, as amended, and the provisions of section 36, as amended, shall apply in the case of Banks for Cooperatives in the same manner and to the same extent as such provisions are applicable to the Central Bank for Cooperatives, except that powers conferred on the chairman of the Board of the Central Bank for Cooperatives shall be exercised by the Boards of Directors of the Banks for Cooperatives, subject to the approval of the Farm Credit Administration.

* * * * *

FARM CREDIT ACT OF 1937 (ACT OF AUGUST 19, 1937)

AN ACT To amend the Federal Farm Loan Act, to amend the Emergency Farm Mortgage Act of 1933, to amend the Farm Credit Act of 1933, to amend the Federal Farm Mortgage Corporation Act, to amend the Agricultural Marketing Act, and for other purposes

* * * * *

SEC. 5. (a) There shall be twelve districts in the continental United States, excluding Alaska, which shall be known as farm credit districts, and may be designated by number. The boundaries of the twelve Federal land bank districts existing as of the date of enactment of this Act shall be the boundaries of the respective farm credit districts. Such boundaries may be readjusted from time to time in the discretion of the Farm Credit Administration, provided that said districts shall be apportioned with due regard to the farm credit needs of the country and no such district shall contain a fractional part of any State. The designations "Federal land bank district" and "land bank district" wherever used in the Federal Farm Loan Act, or in any Act amendatory thereof or supplementary thereto, are changed to "farm credit district" and shall hereafter be deemed to refer to the farm credit districts provided for in this section.

[(b) There shall be in each farm credit district a farm credit board, which shall be selected as hereinafter specified and shall be composed of seven members. Each farm credit board shall include in its title the name of the city in which the Federal land bank, Federal intermediate credit bank, production credit corporation, and regional bank for cooperatives of the district are located. Three of the members of said board shall be known as elected directors of whom one shall be chosen by national farm loan associations and borrowers through agencies, one shall be chosen by production credit associations of the district, and one shall be chosen by cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives in the district. Three of the seven members shall be known as district directors, of whom two shall be appointed by the Governor of the Farm Credit Administration and one, who shall be known as the third district director, shall be chosen as hereafter in this section provided. The seventh member of such board shall be known as director at large and shall be appointed by the Governor of the Farm Credit Administration.]

(b) There shall be in each farm credit district a farm credit board which shall be selected as hereinafter specified and shall be composed of seven members. Each farm credit board shall include in its title the name of the city in which the Federal land bank, Federal intermediate credit bank, production credit corporation, and regional bank for cooperatives of the district are located. Three of the seven members of said board shall be known as elected directors, of whom one shall be chosen by national

farm loan associations, one shall be chosen by production credit associations of the district, and one shall be chosen by cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives in the district. Subject to the other provisions hereof, three of the seven members shall be known as district directors and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. The seventh member of such board shall be known as director-at-large and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. No person shall be eligible to appointment or election to membership on said Board if such person has within one year next preceding the commencement of the term been a salaried officer or employee of any corporation or association operating under the supervision of the Farm Credit Administration. Each farm credit board shall elect from its members a chairman and vice chairman, and shall appoint a secretary from within or without its membership as it may see fit. The chairman, vice chairman, and secretary shall each be elected for a term of one year and until their successors are elected and take office and the board shall elect such officers each year. The chairman shall preside at all meetings and the vice chairman shall preside in the absence or disability of the chairman. The board may, in the absence of both the chairman and vice chairman, elect a member to act as chairman pro tempore.

(c) The directors of the Federal land bank of each district who are in office on the date of enactment of this Act shall constitute the farm credit board of the district and shall serve as members thereof for the remaining portions of the terms for which they were respectively elected or appointed as directors of the bank. Except as otherwise provided by this Act, the successor to each original member of the farm credit board shall be selected in the manner in which such member was selected as a director of the Federal land bank.

[(d) Each third district director shall be selected as follows: Each national farm loan association and borrower through agencies in the district shall nominate, in the manner provided herein for the nomination of candidates for elected directors, one candidate for such director, and from the three persons having the greatest number of votes as nominees the Governor of the Farm Credit Administration shall appoint such director. No third district director who is removed from office pursuant to section 17 (h) of the Federal Farm Loan Act may be nominated to succeed himself.]

(d) (1) The member of the farm credit board of each farm credit district known as the "third district director," who is in office on the effective date of the Farm Credit Act of 1953, shall serve as such until his term of office expires. Thereafter, there shall be no member of the district farm credit board to be known as the "third district director".

(2) Notwithstanding the above provision with respect to the appointment of district directors, one additional member of said board shall be elected by each of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district), and serve in lieu of a district director, under the following circumstances and conditions:

(A) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by national farm loan associations, surplus, and reserves of a Federal land bank shall equal or exceed 66 $\frac{2}{3}$ per centum of the total of the capital stock, surplus, and reserves of such bank as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the national farm loan associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: Provided, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: And provided further, That such national farm loan associations shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

(B) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by persons other than the production credit corporation of the district, surplus, and reserves of the production credit associations (collectively) of a farm credit district shall equal or exceed 66⅔ per centum of the total of the capital stock, surplus, and reserves of the production credit associations (collectively) of said district as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the production credit associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: Provided, That, if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: And provided further, That such production credit associations shall again and from time to time elect one additional director as aforesaid, if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

(C) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock and subscriptions to the guaranty fund held by cooperatives which are stockholders or subscribers to the guaranty fund of a regional bank for cooperatives, surplus and reserves of said bank shall equal or exceed 66⅔ per centum of the total capital stock, subscriptions to the guaranty fund, surplus and reserves of said bank as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the cooperatives which are stockholders or subscribers to the guaranty fund of said bank in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: Provided, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: Provided further, That such cooperatives which are stockholders or subscribers to the guaranty fund of said bank shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid: Provided further, That at no time and under no conditions shall there be in office less than one or more than two members of said board who are serving by election of any one of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district): And provided further, That if two or more of said groups shall, under the terms and provisions hereof, become qualified to elect an additional director pending the expiration of the term of office of the district director (or third district director) whose term next expires, preference shall be given, first to national farm loan associations and borrowers through agencies next to production credit associations, and next to cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives, to elect an additional director as herein provided as the terms of office of district directors, including the third district director if he be still in office, expire.

(3) In any district which includes more than one State no person shall be eligible to be elected by any group if he is a resident of the same State as the other member elected by such group and then serving. If two directors are to be elected at the same election in any such district by any group, the election of the director to be elected by such group under section 5 (b) shall be first determined, and the person receiving the most votes for election under section 5 (d) (2) who is not a resident of the same State as the director elected under section 5 (b) shall be declared elected.

83D CONGRESS
1ST SESSION

S. 1505

[Report No. 600]

IN THE SENATE OF THE UNITED STATES

MARCH 30, 1953

Mr. AIKEN (for himself and Mr. ELLENDER) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

JULY 17 (legislative day, JULY 6), 1953

Reported by MR. SCHOEPP, with amendments

[Omit the part struck through and insert the part printed in *italic*]

A BILL

To increase farmer participation in ownership and control of the Federal Farm Credit System; to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE

4 SECTION 1. This Act may be cited as the "Farm Credit
5 Act of 1953".

DECLARATION OF POLICY

SEC. 2. It is declared to be the policy of the Congress to encourage and facilitate increased borrower participation in the management, control, and ultimate ownership of the permanent system of agricultural credit made available through institutions operating under the supervision of the Farm Credit Administration, and the provisions of this Act shall be construed in keeping with this policy. The Federal Farm Credit Board hereinafter provided for shall within one year after appointment make recommendations to the Congress of means, supplemental to those provided by this Act, of carrying into effect such declared ~~policy~~ *policy, including, but not limited to, means of increasing borrower participation in ownership of the Federal Farm Credit System to the end that the investment of the United States in the Federal intermediate credit banks, production credit corporations, Central Bank for Cooperatives, and regional banks for cooperatives may be retired.*

FARM CREDIT ADMINISTRATION

SEC. 3. The Farm Credit Administration shall be in the Department of Agriculture. The Secretary of Agriculture shall report to the President with respect to the operations and functions of the Farm Credit Administration. The Federal Farm Credit Board, hereinafter provided for, shall have direction, supervision, and control of the Farm Credit Ad-

1 ministration and of its operations and functions, as in this
2 Act provided.

3 FEDERAL FARM CREDIT BOARD

4 SEC. 4. (a) There shall be established in the Farm
5 Credit Administration, a Federal Farm Credit Board (here-
6 inafter referred to as the "Board"). Said Board shall con-
7 sist of thirteen members. Twelve of the members, one from
8 each of the farm credit districts of the United States, shall
9 be known as appointed members and shall be appointed by
10 the President with the advice and consent of the Senate,
11 ~~upon~~ *Senate. In making appointments to the Board the*
12 *President shall have due regard to a fair representation of*
13 *the public interest, the welfare of all farmers and the various*
14 *types of cooperative agricultural credit interests; shall give*
15 *special consideration to persons who are experienced in co-*
16 *operative agricultural credit; and shall, before making such*
17 *appointments, receive and consider nominations made as*
18 *follows: The national farm loan associations in the dis-*
19 *trict shall designate one nominee, the production credit*
20 *associations in the district shall designate one nominee,*
21 *and the cooperatives which are stockholders or subscrib-*
22 *ers to the guaranty fund of the bank for cooperatives of*
23 *the district shall designate one nominee, in accord-*
24 *ance with the procedure prescribed in sections 5 (e) and*
25 *5 (f) of the Farm Credit Act of 1937 for the nomination*

1 and election of members of a district farm credit board, ex-
2 cept that only the two persons receiving the highest num-
3 ber of votes shall be included in the list of nominees prepared
4 as a result of the voting under the procedure prescribed in
5 said section 5 (e) provided that the names of all those who
6 are tied for second place as a result of said voting shall be
7 included in the list; and in case of a tie in the voting under
8 the procedure prescribed in said section 5 (f) the procedure
9 prescribed therein shall be followed again until the tie is
10 broken; and provided that if the same person would other-
11 wise be on the list of nominees of more than one of said
12 groups as a result of the voting under said section 5 (e)
13 he may choose the one list on which his name shall appear,
14 and otherwise his name shall appear only on the list of the
15 two highest nominees of the group which gave him the
16 highest percentage of its votes. Subsequent appointments
17 shall be made ~~upon like nominations and in like manner~~
18 *after receiving and considering nominations made in like*
19 *manner.*

20 (b) Each appointed member of said Board shall be a
21 citizen of the United States and shall have been a resident
22 of the farm credit district from which appointed for not less
23 than ten years next preceding his appointment, and the
24 removal of residence from the district during his tenure shall
25 operate as a termination of his membership on said Board.

1 No appointed member of said Board shall be eligible to serve
2 for more than one full term of six years, and, in addition,
3 a term of less than six years if he is one of the first mem-
4 bers to be ~~appointed for~~ *appointed, or is appointed to fill*
5 the unexpired portion of one term expiring before his
6 appointment to a full term. No person shall be eligible
7 for nomination or appointment to membership as an
8 appointed member of said Board if such person has
9 within one year next preceding the commencement of
10 the term been a salaried officer or employee of the Farm
11 Credit Administration, or a salaried officer or employee of
12 any corporation operating under the supervision of the Farm
13 Credit Administration. Any person who is a member of the
14 district farm credit board when appointed as a member of the
15 Federal Farm Credit Board shall resign as a member of the
16 district board before assuming his duties as a member of
17 the Federal Farm Credit Board. No person who becomes an
18 appointed member of said Board shall be eligible to continue
19 to serve as a member thereof if such person becomes a mem-
20 ber of any district farm credit board, or an officer or em-
21 ployee of the Farm Credit Administration, or an officer or
22 employee of any corporation operating under the supervision
23 of the Farm Credit Administration.

24 (c) The term of office of the appointed members of
25 said Board shall be six years, beginning with the first day

1 of the calendar month in which this Act takes effect, and
2 such members shall serve until their successors are duly ap-
3 pointed and qualified; however, of the first appointed mem-
4 bers appointed hereunder, two shall be appointed for a
5 term of one year from said date, two for a term of two years,
6 two for a term of three years, two for a term of four years,
7 two for a term of five years, and two for a term of six years.
8 All vacancies in the offices of appointed members on said
9 Board shall be filled for the unexpired portion of the term
10 upon like nominations and by like appointments as herein
11 provided for the appointment of the first such members of
12 said Board.

13 (d) The thirteenth member of the Board shall be desig-
14 nated by the Secretary of Agriculture, shall serve at the
15 pleasure of the Secretary, and shall be known as the Secre-
16 tary's Representative on said Board. He shall be a citizen
17 of the United States and shall have been a resident of the
18 United States for not less than ten years next preceding his
19 designation to membership on said Board. No person shall be
20 eligible to be designated by the Secretary or to serve as the
21 Secretary's Representative on said Board, if such person is
22 a member of a district farm credit board, an officer or em-
23 ployee of any corporation operating under the supervision
24 of the Farm Credit Administration. The Secretary's Repre-
25 sentative shall not be eligible to serve as Chairman, Vice

1 Chairman, or Secretary of the Board, but shall otherwise
2 possess all rights and privileges of membership on said
3 Board.

4 (e) As soon as practicable after the memberships on said
5 Board have been filled as in this Act provided, the members
6 of said Board shall meet, subscribe the oath of office, and
7 organize by electing from the appointed members a Chair-
8 man and a Vice Chairman; and said Board shall appoint a
9 Secretary from within or without its membership as it may
10 see fit. The Board shall elect annually for a term of one year
11 the Chairman, Vice Chairman, and Secretary, who shall
12 serve until their successors are elected and take office. The
13 Chairman shall preside at all meetings and the Vice Chairman
14 shall preside in the absence or disability of the Chairman.
15 The Board may, in the absence of both the Chairman and
16 Vice Chairman, elect any appointed member to act as Chair-
17 man pro tempore. Seven members shall constitute a quorum
18 of the Board for the transaction of business. The Board may
19 function notwithstanding vacancies provided a quorum as
20 herein established shall be present. The Board shall meet
21 at such times and places as it may fix and determine, but
22 shall hold at least four regularly scheduled meetings a year;
23 and special meetings may be held on call of the Chairman or
24 any three members of the Board.

25 (f) Each member of the Board shall receive the sum of

1 \$50 for each day or part thereof spent in the performance of
2 his official duties, which compensation, however, shall not be
3 paid for more than seventy-five days (or parts of days) in
4 any calendar year; and shall not be paid to the Secretary's
5 Representative if he is a full-time officer or employee of the
6 United States, or such payment is otherwise prohibited by
7 law; and in addition, shall be reimbursed for necessary travel,
8 subsistence, and other expenses incurred in the discharge of
9 his official duties, without regard to other laws with respect
10 to allowances which may be made on account of travel and
11 subsistence expenses of officers and employed personnel of
12 the United States.

13 (g) The Board shall adopt such rules as it may see fit
14 for the transaction of its business, and shall keep permanent
15 and complete records and minutes of its acts and proceedings.

16 GOVERNOR OF FARM CREDIT ADMINISTRATION

17 SEC. 5. (a) The Board shall appoint a Governor of the
18 Farm Credit Administration (hereinafter referred to as the
19 "Governor") who shall serve at the pleasure of the Board,
20 and who shall, subject to the general supervision and direc-
21 tion of the Board as to matters of a broad and general super-
22 visory, advisory, or policy nature, and except as otherwise
23 herein specifically provided, be responsible for the execution
24 of this Act, all Acts amendatory thereof and supplemental
25 thereto, and all Acts creating the powers, functions, and

1 duties of the Farm Credit ~~Administration~~ *Administration*:
 2 *Provided, however, That pending retirement of Government*
 3 *capital in institutions supervised by the Farm Credit Adminis-*
 4 *tration, the appointment of the Governor shall be subject to*
 5 *the approval of the President; and during such period the*
 6 *President shall have power to require the removal of the*
 7 *Governor.*

8 (b) The Board shall fix the compensation of the Gov-
 9 ernor: *Provided, That the salary of the Governor shall not*
 10 *exceed \$20,000 \$15,000 a year, together with necessary*
 11 *traveling and subsistence expenses, or per diem allowance*
 12 *in lieu thereof within the limitations prescribed by law, while*
 13 *away from his official station upon official business.*

14 (c) It shall be the duty of the Governor to comply
 15 with all orders and directions which he receives from the
 16 Board; as to all third persons, all acts of the Governor shall
 17 be conclusively presumed to be in compliance with the
 18 orders and directions of the Board.

19 (d) The Governor shall appoint such other personnel
 20 as may be necessary to carry out the functions, powers, and
 21 duties vested in the Farm Credit ~~Administration~~ *Administra-*
 22 *tion, subject to the provisions of the Classification Act as*
 23 *amended.* The Farm Credit Administration shall consist of
 24 the Board, the Governor, and such other personnel as are em-

1 ployed in carrying out the functions, powers, and duties
2 vested in the Farm Credit Administration. All functions,
3 powers, and duties of the Farm Credit Administration, except
4 those herein conferred upon the Board, shall be exercised
5 and performed by the Governor and may be exercised and
6 performed by him through such officers and employees of
7 the Farm Credit Administration as he shall designate.

8 (e) The term of office of the incumbent of the office of
9 Governor of the Farm Credit Administration appointed be-
10 fore the effective date of this Act and holding office on that
11 date shall terminate on that date and said office shall thereby
12 become vacant: *Provided*, That if as of that date the Board
13 for any reason has not entered upon the discharge of its
14 duties the Secretary of Agriculture shall designate an assist-
15 ant to the Secretary to serve as Acting Governor of the
16 Farm Credit Administration and such Acting Governor shall
17 exercise and perform all functions, powers, and duties vested
18 by this Act in the Farm Credit Administration until his
19 services are terminated by the Board *Provided*, That if as
20 of that date a Governor has not been appointed, and qualified,
21 under this Act, the Secretary of Agriculture shall designate
22 an assistant to the Secretary to serve as Acting Governor
23 of the Farm Credit Administration and such Acting Governor
24 shall exercise and perform all functions, powers, and duties

1 *vested in the Farm Credit Administration until the appoint-*
2 *ment and qualification of a Governor as in this Act provided.*
3 *The Acting Governor shall be subject to the powers of the*
4 *Board when the Board has been appointed and qualified.*

5 RESPONSIBILITIES OF THE BOARD

6 SEC. 6. It shall be the function and duty of the Board
7 (1) to see that the policies fixed by the Board hereunder
8 are carried out; ~~(2) to exercise adequate budgetary control~~
9 ~~over the Farm Credit Administration;~~ ~~(3)~~ (2) to require
10 such reports as it deems necessary from the Governor and
11 from any of the officials or corporations under the control or
12 supervision of the Farm Credit Administration; ~~(4)~~ (3) to
13 make an annual report to Congress, including therein any
14 recommendations of amendments to the laws relative to
15 Federal agricultural credit; and ~~(5)~~ (4) to exercise general
16 direction and supervision over the performance of all func-
17 tions, powers, and duties vested in the Governor when relat-
18 ing in the judgment of the Board to matters of a broad and
19 general supervisory, advisory, or policy nature. It shall
20 function as a unit without delegating authority to individual
21 members and shall not operate in an administrative capacity;
22 and all administrative powers, functions, and duties of the
23 Farm Credit Administration shall be exercised and performed
24 by the Governor.

1 OFFICES ABOLISHED AND FUNDS TRANSFERRED

2 SEC. 7. (a) The offices of the Land Bank Commis-
3 sioner, Production Credit Commissioner, Cooperative Bank
4 Commissioner, and Intermediate Credit Commissioner are
5 hereby abolished. The Governor shall designate an officer
6 or employee of the Farm Credit Administration to serve at
7 the pleasure of the Governor as a member of the board of
8 directors of the Central Bank for Cooperatives, as chairman
9 of said board of directors, and as executive officer of said
10 bank, in lieu of the Cooperative Bank Commissioner. The
11 Governor shall designate an officer or employee of the Farm
12 Credit Administration to serve at the pleasure of the Gov-
13 ernor as a member of the board of directors of the Federal
14 Farm Mortgage Corporation, in lieu of the Land Bank
15 Commissioner. The Federal Farm Mortgage Corporation
16 and its functions and activities are hereby transferred to the
17 Farm Credit Administration and shall be administered
18 therein under the general direction and supervision thereof.

19 (b) Employees in the Department of Agriculture, who
20 are being utilized on the effective date of this Act primarily
21 for the performance of functions, powers, and duties hereto-
22 fore or by this Act vested in the Farm Credit Administration,
23 shall be transferred to the jurisdiction and control of the Farm
24 Credit Administration in those instances in which the Gov-

1 ernor determines that they are qualified and necessary to
2 carry out the functions, powers, and duties of the Farm Credit
3 Administration.

4 (c) All assets, funds, contracts, property, and records
5 used and employed in the execution of the functions, powers,
6 and duties heretofore or by this Act vested in the Farm
7 Credit Administration are hereby transferred to the juris-
8 diction and control of the Farm Credit Administration.

9 (d) So much of the unexpended balances of appropria-
10 tions, allocations, and other funds available or to be made
11 available for salaries, expenses, and all other administrative
12 expenditures as the Director of the Bureau of the Budget
13 shall determine for use in the execution of the functions here-
14 tofore or by this Act vested in the Farm Credit Administra-
15 tion, shall be transferred to and vested in the Farm Credit
16 Administration.

17 (e) All unexpended balances of appropriations, alloca-
18 tions, or other funds, other than those mentioned in subsec-
19 tion (d) of this section, available (including those available
20 for the fiscal year ending June 30, 1953) for the Farm
21 Credit Administration and/or for the Secretary of Agri-
22 culture on account of the functions and activities of Farm
23 Credit Administration, shall be transferred to the Farm

1 Credit Administration and shall remain available for the
2 exercise of the functions and activities of the Farm Credit
3 Administration.

4 DELEGATIONS TO DISTRICT INSTITUTIONS

5 SEC. 8. The Farm Credit Administration is authorized
6 and directed by order or rules and regulations, to delegate
7 to a Federal land bank such of the duties, powers, and
8 authority of the Farm Credit Administration with respect
9 to and over National Farm Loan Associations, their offi-
10 cers and employees, in the farm credit district wherein such
11 Federal land bank is located, as may be determined to be
12 in the interest of effective administration; and, in like man-
13 ner, to delegate to a production credit corporation such of
14 the duties, powers, and authority of the Farm Credit Ad-
15 ministration with respect to and over production credit as-
16 sociations, their officers and employees, in the farm credit
17 district wherein such production credit corporation is located,
18 as may be determined to be in the interest of effective ad-
19 ministration; and, in either case the duties, powers, and au-
20 thority so delegated shall be performed and exercised under
21 such conditions and requirements and upon such terms as
22 the Farm Credit Administration may specify. Any Federal
23 land bank or production credit corporation to which any
24 such duties, powers, or authority may be delegated is hereby
25 authorized and empowered to accept, perform, and exercise

1 such duties, powers, and authority as may be so delegated
2 to it.

3 DIVISION OF COOPERATIVE MARKETING TRANSFERRED

4 SEC. 9. There is hereby transferred from the Farm
5 Credit Administration to the ~~Agricultural Research Adminis-~~
6 ~~tration in the Department of Agriculture~~, as a bureau of
7 ~~such agency~~, *jurisdiction and control of the Secretary of*
8 *Agriculture*, the Division of Cooperative Marketing (by
9 whatever name now called), authorized and created under
10 and by virtue of an Act of Congress of July 2, 1926 (Public
11 450, Sixty-ninth Congress), entitled "An Act to create a
12 Division of Cooperative Marketing in the Department of
13 Agriculture; to provide for the acquisition and dissemination
14 of information pertaining to cooperation; to promote the
15 knowledge of cooperative principles and practices; to pro-
16 vide for calling advisers to counsel with the Secretary of
17 Agriculture on cooperative activities; to authorize coopera-
18 tive associations to acquire, interpret, and disseminate crop
19 and market information, and for other purposes", together
20 with all functions pertaining to the work and services of such
21 Division, its personnel, property (including office equip-
22 ment), assets, funds, contracts, and records used and em-
23 ployed in the execution of its functions, powers, and duties,
24 and so much of the unexpended balances of appropriations,
25 allocations, and other funds available or to be made available

1 for salaries, expenses, and all other administrative expendi-
2 tures as the Director of the Bureau of the Budget shall de-
3 termine, for use in the execution of the functions, powers,
4 and duties of said ~~Division in said Department~~ *Division*.

5 FRANCHISE TAX PROVISIONS

6 SEC. 10. Section 23 of the Federal Farm Loan Act, as
7 amended, is further amended by adding at the end thereof
8 a new paragraph as follows:

9 “Notwithstanding any other provision of this Act, in
10 the case of a Federal land bank having outstanding capital
11 stock held by the United States during the whole or any
12 part of a fiscal year, said bank shall, after complying with
13 the reserve requirements of the preceding paragraphs of
14 this section and before declaring any dividends to share-
15 holders, pay to the United States a franchise tax equal to
16 25 per centum of its net earnings then remaining, not to
17 exceed, however, a rate of return on such Government
18 capital equal to the average net interest cost of financing
19 direct obligations of the United States during the fiscal year
20 of the United States ending next before such tax is due
21 ~~(such rate to be determined by the Farm Credit Administra-~~
22 ~~tion upon the basis of data obtainable from the Secretary of~~
23 ~~the Treasury)~~ *calculated at a rate equal to the computed*
24 *average annual rate of interest on all public issues of public*
25 *debt obligations of the United States issued during the fiscal*

1 *year ending next before such tax is due, as certified to the*
2 *Farm Credit Administration by the Secretary of the*
3 *Treasury.”*

4 SEC. 11. Section 6 of the Farm Credit Act of 1933 is
5 amended by adding at the end thereof a new paragraph as
6 follows:

7 “(e) Each production credit corporation shall, at the
8 end of each fiscal year (1) apply its earnings described in
9 subsection (c) of this section in accordance with the pro-
10 visions of subsections (c) and (d) of this section; and (2)
11 apply its earnings from all other sources, first, to the pay-
12 ment of any operating expenses for the year remaining un-
13 paid; second, to restore losses and impairment of capital, if
14 any, of the corporation; third, to the creation and mainte-
15 nance of a surplus equal to 25 per centum of the paid-in
16 capital of the corporation; fourth, to the payment of 25 per
17 centum of its earnings from all sources then remaining to the
18 United States as a franchise tax, and fifth, to the payment of
19 the remaining earnings into its surplus account.”

20 SEC. 12. Section 36 of the Farm Credit Act of 1933 is
21 amended to read as follows:

22 “The Central Bank for Cooperatives shall, at the end
23 of its fiscal year, apply the amount of its earnings in excess
24 of operating expenses during such fiscal year: First, to mak-
25 ing up any losses incurred; second, to the restoration of the

1 amount of the impairment, if any, of capital and guaranty
2 fund as determined by the chairman of the board; third, 25
3 per centum of the remainder of such excess of earnings shall
4 be applied to the creation and maintenance of a surplus equal
5 to at least 25 per centum of the amount of the capital and
6 guaranty fund; fourth, if said bank shall have outstanding
7 capital stock held by the United States during the whole or
8 any part of the fiscal year, it shall next pay to the United
9 States as a franchise tax, a sum equal to 25 per centum of its
10 net earnings then remaining, not exceeding, however, a rate
11 of return on such Government capital equal to the average
12 ~~net interest cost of financing direct obligations of the United~~
13 ~~States during the fiscal year of the United States ending next~~
14 ~~before such tax is due (such rate to be determined by the~~
15 ~~Farm Credit Administration upon the basis of data obtainable~~
16 ~~from the Secretary of the Treasury)~~ *calculated at a rate equal*
17 *to the computed average annual rate of interest on all public*
18 *issues of public debt obligations of the United States issued*
19 *during the fiscal year ending next before such tax is due, as*
20 *certified to the Farm Credit Administration by the Secre-*
21 *tary of Treasury; and fifth, any sums remaining shall*
22 *be carried into its surplus account or devoted to the*
23 *payment of dividends, as may be determined by the*
24 *chairman of the board. Subscribers to the guaranty fund*
25 *shall be entitled to dividends in the same amounts as the*

1 subscribers to the stock. No rate of dividend in excess of
2 7 per centum per annum shall be paid. Dividends on stock
3 held by the Farm Credit Administration or the Governor
4 thereof, when paid, shall be credited to the revolving fund
5 created under section 6 of the Agricultural Marketing Act,
6 as amended.”

7 SEC. 13. Section 42 of the Farm Credit Act of 1933 is
8 amended to read as follows:

9 “The provisions of section 35, as amended, and the
10 provisions of section 36, as amended, shall apply in the case
11 of Banks for Cooperatives in the same manner and to the
12 same extent as such provisions are applicable to the Central
13 Bank for Cooperatives, except that powers conferred on the
14 Chairman of the Board of the Central Bank for Cooperatives
15 shall be exercised by the Boards of Directors of the Banks
16 for Cooperatives, subject to the approval of the Farm Credit
17 Administration.”

18 MEMBERSHIP OF DISTRICT FARM CREDIT BOARDS

19 SEC. 14. Section 5 (b) of the Farm Credit Act of 1937
20 is amended to read as follows:

21 “(b) There shall be in each farm credit district a farm
22 credit board which shall be selected as hereinafter specified
23 and shall be composed of seven members. Each farm credit
24 board shall include in its title the name of the city in which
25 the Federal land bank, Federal intermediate credit bank,

1 production credit corporation, and regional bank for coopera-
2 tives of the district are located. Three of the seven mem-
3 bers of said board shall be known as elected directors, of
4 whom one shall be chosen by national farm loan associa-
5 tions, one shall be chosen by production credit associations
6 of the district, and one shall be chosen by cooperatives
7 which are stockholders or subscribers to the guaranty fund
8 of the regional bank for cooperatives in the district. Sub-
9 ject to the other provisions hereof, three of the seven mem-
10 bers shall be known as district directors and shall be ap-
11 pointed by the Governor of the Farm Credit Administra-
12 tion by and with the advice and consent of the Federal
13 Farm Credit Board. The seventh member of such board
14 shall be known as director-at-large and shall be appointed
15 by the Governor of the Farm Credit Administration by and
16 with the advice and consent of the Federal Farm Credit
17 Board. *No person shall be eligible to appointment or elec-*
18 *tion to membership on said Board if such person has within*
19 *one year next preceding the commencement of the term been*
20 *a salaried officer or employee of the Farm Credit Adminis-*
21 *tration, or a salaried officer or employee of any corporation*
22 *or association operating under the supervision of the Farm*
23 *Credit Administration.* Each farm credit board shall elect
24 from its members a chairman and vice chairman, and shall
25 appoint a secretary from within or without its membership

1 as it may see fit. The chairman, vice chairman, and secre-
2 tary shall each be elected for a term of one year and until
3 their successors are elected and take office and the board shall
4 elect such officers each year. The chairman shall preside at
5 all meetings and the vice chairman shall preside in the
6 absence or disability of the chairman. The board may, in the
7 absence of both the chairman and vice chairman, elect a
8 member to act as chairman pro tempore.”

9 SEC. 15. Section 5 of the Farm Credit Act of 1937 is
10 amended by striking out the entire text of subdivision (d)
11 thereof and inserting in lieu thereof the following:

12 “(d) (1) The member of the farm credit board of each
13 farm credit district known as the ‘third district director’,
14 who is in office on the effective date of ~~this Act~~ *the Farm*
15 *Credit Act of 1953*, shall serve as such until his term of
16 office expires. Thereafter, there shall be no member of the
17 district farm credit board to be known as the ‘third district
18 director’.

19 “(2) Notwithstanding the above provision with respect
20 to the appointment of district directors, one additional mem-
21 ber of said board shall be elected by each of the groups
22 aforesaid (national farm loan associations and borrowers
23 through agencies, production credit associations, and cooper-
24 atives which are stockholders or subscribers to the guaranty
25 fund of the regional bank for cooperatives of the district),

1 and serve in lieu of a district director, under the following
2 circumstances and conditions:

3 “(A) Whenever, as determined by the Farm Credit
4 Administration, the sum of the capital stock held by national
5 farm loan associations, surplus, and reserves of a Federal land
6 bank shall equal or exceed $66\frac{2}{3}$ per centum of the total of
7 the capital stock, surplus, and reserves of such bank as of the
8 date three months before the expiration of the term of office
9 of the district director (or third district director) whose term
10 next expires, the successor to such director shall be elected
11 by the national farm loan associations of the district in the
12 manner herein provided, shall be known as an elected di-
13 rector, and successors to that office shall be so elected and
14 known from term to term while such conditions obtain:
15 *Provided*, That if and when, as determined by the Farm
16 Credit Administration, such conditions do not obtain as of
17 the date three months before the expiration of the term of
18 office of any director so elected under the provisions of this
19 subparagraph, the successor to such director shall be ap-
20 pointed by the Governor of the Farm Credit Administration
21 by and with the advice and consent of the Federal Farm
22 Credit Board, shall be known as a district director, and suc-
23 cessors to that office shall be so appointed and known from
24 term to term for such terms as appointment is not precluded
25 by the election of an additional director by one of the groups

1 aforesaid as herein provided: *And provided further*, That
2 such national farm loan associations shall again and from time
3 to time elect one additional director as aforesaid if and when
4 the required conditions named in this subparagraph shall be
5 determined to obtain as aforesaid.

6 “(B) Whenever, as determined by the Farm Credit
7 Administration, the sum of the capital stock held by persons
8 other than the production credit corporation of the district,
9 surplus, and reserves of the production credit associations
10 (collectively) of a farm credit district shall equal or exceed
11 $66\frac{2}{3}$ per centum of the total of the capital stock, surplus,
12 and reserves of the production credit associations (collec-
13 tively) of said district as of the date three months before the
14 expiration of the term of office of the district director (or
15 third district director) whose term next expires, the suc-
16 cessor to such director shall be elected by the production
17 credit associations of the district in the manner herein pro-
18 vided, shall be known as an elected director, and successors
19 to that office shall be so elected and known from term to
20 term while such conditions obtain: *Provided*, That if and
21 when, as determined by the Farm Credit Administration,
22 such conditions do not obtain as of the date three months
23 before the expiration of the term of office of any director so
24 elected under the provisions of this subparagraph, the suc-
25 cessor to such director shall be appointed by the Governor

1 of the Farm Credit Administration by and with the advice
2 and consent of the Federal Farm Credit Board, shall be
3 known as a district director, and successors to that office
4 shall be so appointed and known from term to term for such
5 terms as appointment is not precluded by the election of
6 an additional director by one of the groups aforesaid as
7 herein provided: *And provided further*, That such produc-
8 tion credit associations shall again and from time to time
9 elect one additional director as aforesaid, if and when the
10 required conditions named in this subparagraph shall be
11 determined to obtain as aforesaid.

12 “(C) Whenever, as determined by the Farm Credit
13 Administration, the sum of the capital stock and subscrip-
14 tions to the guaranty fund held by cooperatives which are
15 stockholders or subscribers to the guaranty fund of a regional
16 bank for cooperatives, surplus and reserves of said bank shall
17 equal or exceed $66\frac{2}{3}$ per centum of the total capital stock,
18 subscriptions to the guaranty fund, surplus and reserves of
19 said bank as of the date three months before the expiration
20 of the term of office of the district director (or third district
21 director) whose term next expires, the successor to such
22 director shall be elected by the cooperatives which are stock-
23 holders or subscribers to the guaranty fund of said bank in
24 the manner herein provided, shall be known as an elected
25 director, and successors to that office shall be so elected and

1 known from term to term while such conditions obtain:
2 *Provided*, That if and when, as determined by the Farm
3 Credit Administration, such conditions do not obtain as of the
4 date three months before the expiration of the term of office
5 of any director so elected under the provisions of this sub-
6 paragraph, the successor to such director shall be appointed
7 by the Governor of the Farm Credit Administration by and
8 with the advice and consent of the Federal Farm Credit
9 Board, shall be known as a district director, and successors
10 to that office shall be so appointed and known from term to
11 term for such terms as appointment is not precluded by the
12 election of an additional director by one of the groups afore-
13 said as herein provided: *Provided further*, That such co-
14 operatives which are stockholders or subscribers to the
15 guaranty fund of said bank shall again and from time to
16 time elect one additional director as aforesaid if and when
17 the required conditions named in this subparagraph shall
18 be determined to obtain as aforesaid: *Provided further*, That
19 at no time and under no conditions shall there be in office
20 less than one or more than two members of said board who
21 are serving by election of any one of the groups aforesaid
22 (national farm loan associations and borrowers through
23 agencies, production credit associations, and cooperatives
24 which are stockholders or subscribers to the guaranty fund
25 of the regional bank for cooperatives of the district): *And*

1 *provided further, That if two or more of said groups shall,*
 2 *under the terms and provisions hereof, become qualified to*
 3 *elect an additional director pending the expiration of the*
 4 *term of office of the district director (or third district*
 5 *director) whose term next expires, preference shall be given,*
 6 *first to national farm loan associations and borrowers through*
 7 *agencies, next to production credit associations, and next to*
 8 *cooperatives which are stockholders or subscribers to the*
 9 *guaranty fund of the regional bank for cooperatives, to elect*
 10 *an additional director as herein provided as the terms of*
 11 *office of district directors, including the third district director*
 12 *if he be still in office, ~~expire.~~ expire.*

13 *“(3) In any district which includes more than one State*
 14 *no person shall be eligible to be elected by any group if he is a*
 15 *resident of the same State as the other member elected by such*
 16 *group and then serving. If two directors are to be elected*
 17 *at the same election in any such district by any group, the*
 18 *election of the director to be elected by such group under sec-*
 19 *tion 5 (b) shall be first determined, and the person receiving*
 20 *the most votes for election under section 5 (d) (2) who is*
 21 *not a resident of the same State as the director elected under*
 22 *section 5 (b) shall be declared elected.”*

23 SEC. 16. (a) Any other provisions of law to the con-
 24 trary notwithstanding after the effective date of this Act
 25 any production credit association may, with the approval of

1 the President of the Production Credit Corporation and of
2 the Farm Credit Administration, issue nonvoting preferred
3 stock, to be known as class C stock, which may be pur-
4 chased and held by production credit corporations and by
5 investors: *Provided*, That the issuance of such stock shall be
6 authorized by vote of not less than two-thirds of the out-
7 standing shares of class A stock of the association (other than
8 shares held by the Production Credit Corporation) by the
9 holders thereof in person or by proxy and by vote of not
10 less than two-thirds of the outstanding shares of class B
11 stock of the association by the holders thereof in person or
12 by proxy; and for this purpose holders of class A stock
13 (other than the Production Credit Corporation) and holders
14 of class B stock shall be entitled to one vote for each share
15 of stock held by them.

16 (b) Such class C stock of such associations shall be
17 divided into shares of \$5 each. The resolution of the stock-
18 holders authorizing the issuance of class C stock and every
19 certificate of class C stock issued shall state and express the
20 privileges, restrictions, limitations, and qualifications affecting
21 said stock, and the total amount of the authorized issue to
22 which it belongs.

23 (c) Such class C stock may (1) be made subject to
24 redemption in such manner, at such time or times, and at
25 such price or prices; (2) be given such preferences as to

1 net assets upon dissolution of the corporation, whether volun-
 2 tary or involuntary; (3) be given the right to receive such
 3 cumulative or noncumulative dividends payable quarterly,
 4 semiannually, or annually, and payable as a whole or in part
 5 before any dividend shall be set apart for or paid on class
 6 A and class B stock; and (4) be made subject to such other
 7 restrictions, limitations, and qualifications; as shall be stated
 8 and expressed in the resolution of the stockholders au-
 9 thorizing the issuance thereof and in the face of the stock
 10 certificates.

11 APPROPRIATIONS AND EXPENDITURES

12 SEC. 17. (a) There are authorized to be appropriated
 13 such sums as may be necessary or appropriate for administer-
 14 ing the provisions of this ~~Act~~ *Act: Provided, That the cost of*
 15 *examinations and of administrative supervision of the Farm*
 16 *Credit Administration shall continue to be supported by*
 17 *assessments against institutions supervised by the Farm Credit*
 18 *Administration as provided in the Department of Agriculture*
 19 *Organic Act of 1944.*

20 (b) Farm Credit Administration may, within the limits
 21 of funds available therefor, *and subject to provisions of law*
 22 *generally applicable to Government agencies*, make necessary
 23 expenditures for personnel services and rent at the seat of gov-
 24 ernment and elsewhere; contract stenographic report-
 25 ing services; purchase and exchange of lawbooks, books of

1 reference, periodicals, newspapers, expenses of attendance at
2 meetings and conferences; purchase, operation, and mainte-
3 nance, at the seat of government and elsewhere, of motor-
4 propelled passenger-carrying vehicles and other vehicles;
5 printing and binding; and for such other facilities and services
6 as it may from time to time find necessary for the proper
7 administration of this Act.

8 SEC. 18. This Act shall take effect ~~ninety~~ *one hundred*
9 *and twenty* days after the date of its enactment: *Provided,*
10 *however,* That immediately following the enactment of this
11 Act the Farm Credit Administration shall proceed with
12 the designation of nominees as provided in section 4
13 (a) hereof and the members of the Federal Farm Credit
14 Board shall be appointed or designated sufficiently in ad-
15 vance of the effective date of this Act to enable said Board
16 to prepare to enter upon the discharge of its duties upon
17 the effective date of this Act; and after the effective date
18 of this Act, the compensation and expenses of the Board
19 members shall be paid, as provided herein, from the date
20 on which their appointments became effective, out of any
21 funds available for the payment of administrative expenses of
22 the Farm Credit Administration.

23 SEC. 19. All Acts or parts of Acts inconsistent with the
24 provisions of this Act are hereby repealed to the extent of
25 such inconsistency.

1 SEC. 20. (a) If any provision of this Act, or the ap-
2 plication thereof to any person or circumstances, is held
3 invalid, the remainder of the Act, and the application of
4 such provisions to other persons or circumstances, shall not
5 be affected thereby.

6 (b) The right to alter, amend, or repeal this Act is
7 hereby expressly reserved.

Amend the title so as to read: "A bill to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes."

A BILL

To increase farmer participation in ownership and control of the Federal Farm Credit System; to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Federal Farm Credit Board; to abolish certain of fees; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

By Mr. AIKEN and Mr. ELLENDER

MARCH 30, 1953

Read twice and referred to the Committee on
Agriculture and Forestry

JULY 17 (legislative day, JULY 6), 1953

Reported with amendments

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 2342. An act authorizing the State of California to collect tolls for the use of certain highway crossings across the Bay of San Francisco;

H. R. 163. An act to provide for the conveyance of certain land in Monroe County, Ark., to the State of Arkansas;

H. R. 3087. An act to authorize the Board of Commissioners of the District of Columbia to permit certain improvements to two business properties situated in the District of Columbia;

H. R. 3380. An act to authorize the exchange of lands acquired by the United States for Prince William Forest Park, Prince William County, Va., for the purpose of consolidating Federal holdings therein, and for other purposes;

H. R. 4091. An act to amend the Civil Service Retirement Act of May 29, 1930, so as to make the exclusion from such act of temporary employees of Congress inapplicable to such employees who are appointed at an annual rate of salary; and

H. R. 5236. An act for the relief of Franciszek Jarecki.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the purpose of permitting Senators to introduce bills and joint resolutions and to transact other regular routine business under the usual 2-minute limitation on speeches.

The PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, for the information of the Senate, it is planned to have the Senate consider a number of bills today. The unfinished business of the Senate is Calendar 582, S. 2399, a bill to amend the Atomic Energy Act of 1946, as amended, but, at the request of the Senator from Iowa [Mr. HICKENLOOPER], it is the intention to move to substitute another bill as the unfinished business.

The bills which it is proposed to have the Senate consider today, some of which have been previously announced, and about all of which I have consulted with the minority leader, are Calendar 577, which is Senate bill 2220; Calendar 485, Senate bill 1152; Calendar 526, Senate bill 1197; Calendar 454, House Resolution 5349; Calendar 320, Senate bill 1461; and Calendar 456, Senate bill 2175.

Although it is not yet on the calendar, the Committee on Banking and Currency has reported the Small Defense Plants bill, which it is hoped may be taken up on Monday, assuming the report is ready by that time.

Also on the calendar is No. 579, Senate bill 2047, a bill to amend the Rubber Act of 1948, as amended, to provide for the sale of Government-owned rubber-producing facilities. However, at the request of a number of Senators, includ-

ing the minority leader, I have agreed that the bill will not be taken up until Monday.

I am not quite certain of the order in which the two bills last mentioned will be taken up, because that may depend on when the report on the Small Defense Plants bill is received. So it is proposed to schedule for Monday both the Small Defense Plants bill and the rubber plants bill.

On Wednesday it is the intention to take up the armed services appropriation bill, which I understand will be reported by the Committee on Appropriations today. The 3 days required under the rule for the bill and report to lie on the table will be Saturday, Monday, and Tuesday, so on Wednesday it is planned to call up the bill.

At least for the present, it is my intention to move on Tuesday, when the Senate recesses or adjourns, that the Senate meet at 10 o'clock on Wednesday morning. We shall plan to have evening sessions all of next week, beginning with Monday. It is planned to have evening sessions on Monday and Tuesday, if necessary, in order to act upon the Small Defense Plants bill and the rubber plants bill. If those bills are disposed of promptly, I would not think it would be necessary to hold evening sessions on both of those nights. It is possible it may be necessary to hold an evening session on Monday.

From now on, Senators should be advised that it may be necessary to hold evening sessions if the Senate is to complete its legislative program. By the time work is completed on the Armed Forces appropriation bill, I hope the District of Columbia, the legislative, and the mutual aid appropriation bills will be ready for action. They will be the last of the regular appropriation bills. In addition, there will be a second supplemental appropriation bill, which probably will be ready for Senate action by the time the others are out of the way.

According to information I have received, next week the Senate should have before it a number of conference reports on appropriation bills on which the two Houses have acted, and those reports will be called up as soon as they are ready for Senate action.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded and that further proceedings under the call be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pur-

suant to law, copies of orders suspending deportation of certain aliens, together with a statement of the facts and pertinent provisions of law as to each alien and the reasons for ordering such suspension (with accompanying papers); to the Committee on the Judiciary.

REPORT ON TORT CLAIMS PAID BY SMITHSONIAN INSTITUTION

A letter from the Acting Secretary, Smithsonian Institution, Washington, D. C., transmitting, pursuant to law, a report on tort claims paid by that Institution for the fiscal year 1953 (with an accompanying report); to the Committee on the Judiciary.

CLAIM OF WALTER P. GARDNER, SOLE SURVIVING TRUSTEE OF PROPERTY OF CENTRAL RAILROAD CO. OF NEW JERSEY

A letter from the clerk, United States Court of Claims, Washington, D. C., transmitting, pursuant to Senate Resolution 317, adopted July 26, 1950, an opinion in the case of Walter P. Gardner, sole surviving trustee of property of the Central Railroad Co. of New Jersey, as rendered by that court (with an accompanying paper); to the Committee on the Judiciary.

PETITION

The PRESIDENT pro tempore laid before the Senate a resolution adopted by the Disabled American Veterans, Department of South Carolina, Columbia, S. C., relating to the truce negotiations in Korea, which was referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MARTIN, from the Committee on Public Works:

S. 2094. A bill to facilitate the development and construction of water conservation facilities by States and municipalities, and for other purposes; with amendments (Rept. No. 599).

By Mr. SCHOEPPEL, from the Committee on Agriculture and Forestry:

S. 1505. A bill to increase farmer participation in ownership and control of the Federal Farm Credit System; to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes; with amendments (Rept. No. 600).

By Mr. FERGUSON, from the Committee on Appropriations:

H. R. 5969. A bill making appropriations for the Department of Defense and related independent agencies for the fiscal year ending June 30, 1954, and for other purposes; with amendments (Rept. No. 601).

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, July 17, 1953, he presented to the President of the United States the enrolled bill (S. 2342) authorizing the State of California to collect tolls for the use of certain highway crossings across the Bay of San Francisco.

REPORTS OF COMMITTEES ON PERSONNEL AND FUNDS

Pursuant to Senate Resolution 123, 80th Congress, 1st session, the following reports were received by the Secretary of the Senate:



Congressional Record

United States
of America

PROCEEDINGS AND DEBATES OF THE 83^d CONGRESS, FIRST SESSION

Vol. 99

WASHINGTON, FRIDAY, JULY 17, 1953

No. 133

Senate

(Legislative day of Monday, July 6, 1953)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O Spirit of the Living God, whose mercies are infinite, whose love is eternal: Breathe upon us with Thy quickening power; fill us with life anew as we enter upon the duties of another day. We come before Thee with a solemn sense of the high demands of public service amid the tragedies that have befallen men and nations. We do not ask that Thou wilt keep us safe in these dangerous times, but that Thou wilt keep us loyal to the ideals of this dear land of freedom. Keep us at tasks too difficult for us, that we may be driven unto Thee for strength. Increase our faith in the ultimate triumph of goodness. And help us to realize that each responsibility is but another opportunity to so gird ourselves that we may worthily serve our God and our country. Strengthen our weakness. Purify us from all uncleanness. Grant us a new and clearer glimpse of the vision splendid, so that, led by the Kindly Light, we may go forth along the path of duty with dauntless faith, having no fear save that of falling Thee. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, July 16, 1953, was dispensed with.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts:

On July 16, 1953:

S. 140. An act for the relief of John W. McBride;

S. 173. An act for the relief of Socorro Geron de Castro;

S. 226. An act for the relief of Keiko Tashiro;

S. 297. An act for the relief of Dr. Arthur Tye;

S. 314. An act for the relief of Cornelius A. Navori;

S. 315. An act for the relief of Owen Lowrey;

S. 349. An act for the relief of May Ling Ng;

S. 458. An act for the relief of Angelo Gurisetti Posesta;

S. 505. An act for the relief of Rev. John T. MacMullen;

S. 604. An act for the relief of Maria Neglia and Angelo Neglia;

S. 616. An act for the relief of Dr. Albert Haas;

S. 719. An act to provide transportation on Canadian vessels between Skagway, Alaska, and other points in Alaska between Haines, Alaska, and other points in Alaska, and between Hyder, Alaska, and other points in Alaska or the continental United States, either directly or via a foreign port, or for any part of the transportation;

S. 1078. An act to authorize the use of certificates by officers of the Armed Forces of the United States, in connection with certain pay and allowance accounts of military and civilian personnel;

S. 1262. An act for the relief of Stefanos A. Spiliotis, also known as Stephen A. Harrison;

S. 1544. An act to repeal the authority to purchase discharge from the Army, the Navy, the Air Force, and the Marine Corps;

S. 1579. An act for the relief of Mieko Kristine;

S. 1684. An act to facilitate civil-service appointment of persons who lost opportunity therefor because of service in the Armed Forces after June 30, 1950, and to provide certain benefits upon appointment; and

S. 2000. An act to authorize the retirement of non-Regular officers of the Army and Air Force having more than 30 years' active Federal service under the same conditions presently provided for such officers having less than 30 years' service, and for other purposes.

On July 17, 1953:

S. 1422. An act to continue the effect of the statutory provisions relating to the deposit of savings for members of the Army and Air Force, and for other purposes;

S. 1529. An act to amend the act of July 28, 1942 (ch. 528, 56 Stat. 722), relating to posthumous appointments and commissions, and for other purposes;

S. 1995. An act to provide certain construction and other authority for the military departments in time of war or national emergency; and

S. 2079. An act to provide for the use of the American National Red Cross in aid of the Armed Forces, and for other purposes.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed, without amendment, the following joint resolutions of the Senate:

S. J. Res. 37. Joint resolution to authorize the erection of a memorial to Sara Louisa Rittenhouse in Montrose Park, D. C.;

S. J. Res. 82. Joint resolution to provide for the reappointment of Robert V. Fleming as citizen regent of the Board of Regents of the Smithsonian Institution; and

S. J. Res. 83. Joint resolution to provide for the appointment of Owen Josephus Roberts as a member of the Board of Regents of the Smithsonian Institution.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5227) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1954, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. H. CARL ANDERSEN, Mr. HORAN, Mr. HUNTER, Mr. LAIRD, Mr. TABER, Mr. WHITTEN, Mr. CANNON, and Mr. MARSHALL were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H. R. 1070) to amend title 28, United States Code.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 4353. An act to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes; and

H. R. 5740. An act to amend the Federal Food, Drug, and Cosmetic Act, so as to protect the public health and welfare by providing certain authority for factory inspection, and for other purposes.

is no objection to the submission of this proposal for the consideration of the Congress. The Department of Defense recommends that it be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of the proposed legislation is to provide authority to the Department of the Army to integrate into the Regular Army highly competent Reserve officers in the grades of second lieutenant, first lieutenant, captain, and major, in accordance with the Regular officer strength established by the Congress.

The Officer Personnel Act of 1947 (61 Stat. 795) permits the commissioning of officers in the Regular Army in the grades of second and first lieutenant (other than in certain professional categories), and the Army and Air Force Authorization Act of 1949 (Public Law 604, 81st Cong.) authorizes for the Regular Army 30,600 male and Women's Army Corps officers. There are many fine Reserve officers who are combat-seasoned by reason of Korean service or who have valuable experience gained during the current emergency, but who are ineligible under current authority for Regular Army commissions. The integration into the Regular Army of such officers would be highly beneficial. Not only would the services of these officers be available permanently, but integration also would reward these officers with the security of a Regular Army commission. Since the proposed bill contains no termination date for authority to integrate, it offers the goal of a Regular Army commission to many thousands of Reserve officers who are serving on extended active duty at present or who may so serve in the future.

The proposed bill parallels the act of December 28, 1945 (59 Stat. 663), although the passage of the Officer Personnel Act of 1947 and certain other legislation indicated that some modifications to the act of 1945 were necessary. Innovations, however, in the proposed bill require that candidates must have served stipulated periods of active duty and must be serving on extended active duty to qualify for integration. This is required in order to assure that a candidate for integration have the practical experience expected of a Regular officer of the grade for which he is to be considered and to stimulate volunteers for extended active duty.

The proposed bill provides for the recomputation of service creditable for promotion purposes of certain officers appointed in the Regular Army since December 31, 1947, and a readjustment of their position on the permanent promotion list, in order that they may be given fair and equitable consideration in comparison with officers appointed under the act of December 28, 1945 (59 Stat. 663), or under the appointment provisions of this bill.

DEPARTMENT OF DEFENSE ACTION AGENCY

The Department of the Army has been designated as the representative of the Department of Defense for this legislation.

Sincerely yours,

JOHN G. ADAMS,
Acting General Counsel.

SECTIONAL ANALYSIS OF A BILL TO PROVIDE FOR THE APPOINTMENT OF ADDITIONAL COMMISSIONED OFFICERS IN THE REGULAR ARMY, AND FOR OTHER PURPOSES

Section 1 provides a short title for the act. Section 2 declares it to be the policy of the Congress that a limited number of persons of demonstrated fitness be appointed commissioned officers of the Regular Army.

Section 3 would authorize a commissioned strength of the Regular Army as established by the Congress, exclusive of the Army Nurse Corps, the Women's Medical Specialist Corps, professors of the United States Military Academy, and those specifically provided as additional numbers by other law.

Section 4 (a) would authorize the President to appoint additional commissioned officers of the Regular Army either under existing provisions of law or under the provisions of this law.

(b) Would authorize the President to appoint commissioned officers in the Regular Army who—

(1) are United States citizens, 21 years of age, and qualified for active military service.

(2) are not yet 46 years old.

(3) are, at the time of applying, serving as commissioned officers of the Army on extended active duty.

(4) have served on extended active duty on and after December 7, 1941 for a period of 120 days or more, in a grade equal to or higher than that in which appointed.

(5) have such other qualifications as the Secretary of the Army may prescribe.

(c) Defines, for the purpose of determining eligibility for initial appointment and position on the promotion list, "active Federal commissioned service," "constructive commissioned service," "eligibility credit" and "service for promotion purposes."

(d) Would provide for the appointment, in the grades of major, captain, first lieutenant, or second lieutenant, of officers who are credited with 14 or more years' service for promotion purposes and not less than 8 years' eligibility credit, 7 or more but less than 14 years' service for promotion purposes and not less than 6 years' eligibility credit, not more than 7 years' service for promotion purposes and not less than 3 years' eligibility credit, and not less than 1 year active Federal commissioned service, respectively.

(e) The officers appointed would be placed on promotion lists immediately below the name of the most junior officer of the same grade with the same or next greater periods of service.

(f) Would provide that notwithstanding any other provision of the act, graduates of the United States Military Academy may be promoted and appointed second lieutenants in the Regular Army and assigned relative seniority under regulations prescribed by the Secretary of the Army. No former cadet of the United States Military Academy would be appointed so as to be credited with service for promotion purposes greater than that of members of his class whose service has been continuous since graduation.

(g) Persons appointed in the grade of second lieutenant would not receive constructive commissioned service in excess of their active Federal commissioned service and could not have attained 27 years of age.

(h) Persons appointed in the Medical Corps, Dental Corps, Veterinary Corps, Army Nurse Corps, or Women's Medical Specialist Corps would be given service for promotion purposes only for service performed in the Corps in which appointed and would not receive constructive commissioned service.

Section 5 (a) would provide for the recomputation of service creditable for promotion purposes to Regular Army officers appointed subsequent to December 31, 1947, and for appointment to such grade and their placement on the promotion list in such position on the basis of active Federal commissioned service creditable to them under this section.

(b) Defines for the purpose of this section the term "active Federal commissioned service."

(c) Would provide for the appointment in the grade of captain and first lieutenant of officers credited upon recomputation under this section, with 7 or more but less than 14 years' active Federal commissioned service and 3 or more but less than 7 years' active Federal commissioned service, respectively.

(d) Regular Army officers appointed in the Medical Corps, Dental Corps, Veterinary Corps, Army Nurse Corps, and Women's Medical Specialist Corps would for the pur-

poses of this section be credited with active Federal commissioned service for services performed only in the corps in which appointed.

(e) No officer would suffer a reduction in grade or service creditable to him for promotion purposes, nor would an officer be appointed to a higher grade under this section except upon recommendation by a selection board to be appointed by the Secretary of the Army.

(f) Following such recomputation officers would be placed upon the appropriate promotion list immediately below the name of the most junior officer of the same grade having the same or next greater period of service.

(g) This section was added to preclude graduates of the United States Military Academy, who may have prior commissioned service, from receiving credit for promotion purposes that would disturb their present relative position on the various promotion lists and to preclude nongraduates, under any circumstances, from receiving credit for promotion purposes by recomputation so as to be senior to members of their former class.

Section 6 would provide that no increased pay or allowances would accrue prior to the effective date of this Act.

Section 7 would amend section 514 of the Officer Personnel Act of 1947 (10 U. S. C. 941(a) to provide that any officer appointed in the Regular Army under the cited provisions of law or an officer whose service for promotion purposes would be recomputed under the provisions of this act would receive service credit equal to that provided under law immediately following such appointment or computation increased by the period of active commissioned service subsequent to such computation or appointment.

Section 8 would provide that if application of this Act be held invalid the validity of the remainder of the act would not be effective thereby.

Section 9 would provide that the act would become effective 6 months from the date of its enactment.

AMENDMENT OF INTERSTATE COMMERCE ACT RELATING TO REQUESTS OF COMMON CARRIERS FOR INCREASED TRANSPORTATION RATES—AMENDMENT

Mr. SMATHERS submitted an amendment intended to be proposed by him to the bill (S. 1461) to amend the Interstate Commerce Act, as amended, concerning requests of common carriers for increased transportation rates, which was ordered to lie on the table and to be printed.

HOUSE BILLS REFERRED OR PLACED ON CALENDAR

The following bills were read twice by their titles, and referred, or placed on the calendar, as indicated:

H. R. 4353. An act to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes; placed on the calendar.

H. R. 5740. An act to amend the Federal Food, Drug, and Cosmetic Act, so as to protect the public health and welfare by providing certain authority for factory inspection, and for other purposes; to the Committee on Labor and Public Welfare.

Section 20 (g): Repealed section establishes grades of chief electrician and chief radio electrician, which grades are replaced by the grades established by this act.

Section 20 (h): Repealed section requires examination by board of commissioned officers before promotion from warrant to chief warrant officer. Section is superseded by this act.

Section 20 (i): Section 1 of the act of August 21, 1941, supra, should be repealed since it established the two presently existing grades of warrant officers (of the Army and Air Force), warrant officer (junior grade) and chief warrant officer, which under section 3 of the act, are to be replaced by four new grades.

Section 20 (j): Repealed section establishes commissioned warrant grades of chief ship's clerk, chief aerographer, chief photographer, chief torpedoman, and corresponding warrant officer grades, all of which are replaced by the grades established by this act.

Section 20 (k): Repealed section provides for Marine Corps warrant officers to be entered upon the Naval Register as "commissioned warrant officers" and "warrant officers." Repeal is desirable, because this act would provide new grades and names.

Section 20 (l): Repeal act provides for counting all active service under a temporary or permanent appointment as a warrant officer or commissioned officer of the Navy or Naval Reserve in the computation of a 6-year period of service required for eligibility for promotion from warrant to commissioned warrant officer. Act is superseded by provisions of this act.

Section 20 (m): Repealed section requires 6 years of services as warrant officer before promotion to commissioned warrant officer. Section is superseded by provisions of this act.

Section 20 (n): Repealed section provides for distribution of warrant officers in the various pay grades by the secretaries. Repeal eliminates conflict with this act.

Section 20 (o): Provides for the repeal of six sections of title 14—the Coast Guard title of the United States Code.

Repealed section 303 requires retirement of Coast Guard warrant officers at age 62 and is superseded by the provision of this act which requires all warrant officers to be retired at age 60.

Repealed section 304 provides for voluntary retirement of Coast Guard warrant officers after 30 years' service, and is superseded, though not materially changed, by the retirement provisions of this act.

Repealed section 305 provides for voluntary retirement of warrant officers of the Coast Guard, Navy, or Marine Corps after 20 years' service, and is superseded, though not materially changed, by the retirement provisions of this act.

Repealed section 307 provides for the compulsory retirement of certain warrant officers upon the recommendation of a Coast Guard personnel board, and is superseded by the retirement provisions of this act.

Repealed section 308 is complementary to section 307 in that it provides for the retired pay of the warrant officers retired under section 307; it is superseded by the provisions of this act.

Repealed section 313 is complementary to sections 303, 304, 305, and 307, and their repeal makes it obsolete.

Section 21 (a): This section is to prevent this act from affecting certain benefits granted by law to Coast Guard warrant officers who were formerly members of the Life Saving Service, the Lighthouse Service, the Bureau of Marine Inspection and Navigation, and the Bureau of Customs.

Section 21 (b): This savings clause is designed to insure that service as headquarters clerks or members of the Army Mine Planter Service will be counted for retirement purposes.

Section 21 (c): As provided in the Uniform Retirement Act this provision makes the effective date of retirement the first day of the month following the month in which the retirement would otherwise be effective but the computation of the rate of retired pay remains unaffected.

Section 22: This section provides for the effective date of this act.

CLARIFICATION AND STRENGTHENING OF EXISTING AUTHORITY TO ORDER CERTAIN PERSONS TO ACTIVE DUTY

Mr. SALTONSTALL. Mr. President, by request, I introduce for appropriate reference a bill recommended by the Department of Defense, to clarify and strengthen the existing authority to order to active duty persons who have obligated periods of active duty, and for other purposes.

I ask that the accompanying letter of transmittal explaining the purpose of the bill be printed in the RECORD immediately following the listing of the bill introduced.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 2418) to clarify and strengthen the existing authority to order to active duty persons who have obligated periods of active duty, and for other purposes, introduced by Mr. SALTONSTALL (by request), was received, read twice by its title, and referred to the Committee on Armed Services.

The letter accompanying Senate bill 2418 is as follows:

OFFICE OF THE SECRETARY OF DEFENSE,
Washington, D. C., July 17, 1953.

Hon. LEVERETT SALTONSTALL,
Chairman, Committee on Armed Services,
United States Senate

DEAR MR. CHAIRMAN: Inclosed herewith is a draft of proposed legislation, "To clarify and strengthen the existing authority to order to active duty persons who have obligated periods of active duty, and for other purposes" which the Department of Defense recommends be enacted by the Congress.

Section 6 (d) (1) of the Universal Military Training and Service Act, as amended, authorizes certain classes of officer candidates to be deferred from induction if, among other things, they agree to accept a commission and to serve on active duty for a period of not less than 2 years (or not less than 3 years in the case of a subsidized student). The largest group of these officer candidates are Reserve Office Training Corps students. Under various other officer procurement programs of the Armed Forces, persons who enter such programs are required to agree to serve for a stated period of service upon being commissioned or otherwise completing their course of training.

It was the clear intent of Congress in enacting the Selective Service Act of 1948 and the 1951 amendments to the Universal Military Training and Service Act, that persons who entered officer procurement and similar specialized training programs and thus avoided or postponed liability for induction should be required, upon the completion of their training, to serve on active duty for a period which is at least equal to the period of induction. Such a requirement is essential to provide an equitable and democratic system of required service in the Armed Forces. The Department of Defense has strictly adhered to this principle by requiring active duty agreements from all draft eligibles entering procurement programs.

Prior to the expiration of the authority to order members of the Reserve components to active duty without their consent pursuant to section 21 of the Universal Military Training and Service Act, as amended, on July 1, 1953, clear and adequate authority to enforce such agreements to serve was available to the Armed Forces. At the present time, however, the authority to order members of the Reserve components to active duty is limited to those who consent thereto.

Although the Department of Defense believes that the agreements above referred to are a sufficient indication of consent to authorize such persons to be ordered to active duty in accordance with their agreements, there is a possibility, remote but nevertheless present, that doubts or litigation on the subject might arise at some later date. To avoid this possibility and to make crystal clear the obligation of these individuals to enter on active duty, the Department of Defense recommends enactment of the inclosed legislation.

Sincerely yours,

JOHN G. ADAMS,
Acting General Counsel.

APPOINTMENT OF ADDITIONAL COMMISSIONED OFFICERS IN THE REGULAR ARMY

Mr. SALTONSTALL. Mr. President, by request of the Department of Defense, I introduce for appropriate reference a bill to provide for the transfer from the Reserve components to the Regular Army of additional commissioned officers in the grades of lieutenant, captain, and major.

I ask that the letter of transmittal accompanying the proposed bill, which explains the purpose of the bill, be printed in the RECORD immediately following the listing of the bill.

I realize that it is so late in the session that it will probably be impossible to conduct hearings on this particular bill, but I feel that it should be introduced at this time so that the hundreds of highly qualified Reserve officers who have performed such invaluable service since the Korean emergency, and who may wish to consider ultimate transfer to the Regular components, may have ample opportunity to examine the provisions of this bill during the recess of the Congress.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 2419) to provide for the appointment of additional commissioned officers in the Regular Army, and for other purposes, introduced by Mr. SALTONSTALL (by request), was received, read twice by its title, and referred to the Committee on Armed Services.

The letter accompanying Senate bill 2419 is as follows:

OFFICE OF THE SECRETARY OF DEFENSE,
WASHINGTON, D. C., July 10, 1953.

Hon. LEVERETT SALTONSTALL,
Chairman, Committee on Armed Services,
United States Senate.

DEAR MR. CHAIRMAN: There are forwarded herewith a draft of proposed legislation, "to provide for the appointment of additional commissioned officers in the Regular Army, and for other purposes," and a sectional analysis thereof.

This proposal is a part of the Department of Defense legislative program for 1953. The Bureau of the Budget has advised that there

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 22, 1953
For actions of July 21, 1953
83rd-1st, No. 136

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HIGHLIGHTS: Senate passed FCA reorganization bill. House committee reported Wheat Agreement. House Rules Committee cleared trade agreements bill. House agreed to conference report on 1st independent offices appropriation bill. Both Houses agreed to conference report on State, Justice, Commerce appropriation bill. Both Houses completed congressional action on Army civil appropriation bill. Senate committee reported bill to continue sugar agreement. Sen. Johnson, Tex., urged water conservation program. Rep. Ikard criticized USDA instructions for distributing drought-relief feed. Rep. Hagen criticized USDA stand on cotton allotments.

SENATE

1. FCA REORGANIZATION. Passed H. R. 4353, to provide for reorganization of the Farm Credit Administration, with an amendment substituting the language of S. 1505 as reported. Sens. Schoeppel, Thye, Mundt, Hoey, and Holland were appointed conferees. (pp. 9693-702.)
2. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 5376, the Army civil appropriation bill (which contains flood-control items), and acted on amendments which had been reported in disagreement (pp. 9672, 9593-9). This bill will now be sent to the President.
Both Houses agreed to the conference report on H. R. 4974, the State, Justice, Commerce appropriation bill for 1954, and acted on amendments which had been reported in disagreement. Senate conferees were appointed for a further conference on one amendment in disagreement. (pp. 9658-9, 9573-82).
H. R. 5969, the defense appropriation bill, was made the unfinished business (p. 9702).
3. SUGAR. The Foreign Relations Committee reported without reservation Executive L, a protocol prolonging for 3 years after August 31, 1952, the international agreement regarding the regulation of production and marketing of sugar (S. Ex. Rept. 6)(p. 9612).
4. RUBBER. Passed with amendments H. R. 5728, providing for sale of Government rubber-producing facilities (pp. 9645, 9652-3, 9655-8, 9661-76, 9673-92).

5. **SMALL BUSINESS.** Senate and House conferees were appointed on H. R. 5141, to create a Small Business Administration (pp. 9651-3, 9566).
6. **PERSONNEL.** Passed without amendment H. R. 5228, to provide annuities for retired Comptrollers General (pp. 9645, 9651-2). This bill will now be sent to the President.
7. **FOOD INSPECTION.** A subcommittee of the Labor and Public Welfare Committee voted to report to the full committee H. R. 5740, to restore Food and Drug Administration authority for factory inspections (p. D746).
8. **WATER CONSERVATION.** Sen. Johnson, Tex., urged a water-conservation program to prevent drought and floods (pp. 9612-3, 9617).

HOUSE

9. **TRADE AGREEMENTS.** The Rules Committee reported a resolution for consideration of H. R. 5894, to further amend the Trade Agreements Extension Act to provide additional protection to American workers, farmers, etc. (pp. 9566, 9610).
10. **LAND TRANSFERS.** The Agriculture Committee reported with amendment H. R. 107, to transfer the site of the original Ft. Buford to N. Dak (H. Rept. 891) (p. 9610).
A subcommittee of the Government Operations Committee voted to report to the full Committee H. R. 5605, providing that transfers of real property from certain agencies (including CCC and certain FCA agencies) shall not operate to remove such real property from local tax rolls (p. D748).
11. **CONTRACTS.** The Judiciary Committee reported with amendment H. R. 1825, to prescribe policy and procedure in connection with construction contracts made by executive agencies (H. Rept. 892) (p. 9610).
12. **WHEAT AGREEMENT.** The Banking and Currency Committee reported without amendment S. J. Res. 97, to carry out the new International Wheat Agreement (H. Rept. 893) (p. 9610).
13. **APPROPRIATIONS.** Agreed to the conference report on H. R. 4663, the first independent offices appropriation bill for 1954 (pp. 9583-93).
14. **DROUGHT RELIEF.** Reps. Ikard, Rogers (Tex.), Marshall, Rayburn, Poage, and others criticized the Department's recent telegram containing instructions for dispensing Government surplus feed in the drought area (pp. 9605-8).
15. **COTTON QUOTAS.** Rep. Hagen, Calif., criticized John H. Davis' testimony before the House Agriculture Committee regarding H. R. 5669, Rep. Hagen's bill on cotton allotments and quotas (pp. 9608-9).
16. **FOREIGN AID.** Rep. Rogers, Mass., commended the President's renewed offer of food for East Germany (p. 9609).
17. **WATER UTILIZATION.** The Interior and Insular Affairs Committee ordered reported (but did not actually report) S. 1197, consenting to a water compact between Nebr., Wyo., and S. Dak., and H. R. 4854, authorizing the Foster Creek irrigation works, Wash. (p. D748).

BILLS INTRODUCED

18. **SURPLUS PROPERTY.** H. R. 6432, by Rep. Lantaff, to permit disposal of surplus property for State and local health programs; to Government Operations

pointed on the Small Business Administration bill, House bill 5141, to create the Small Business Administration and to preserve small-business institutions and free, competitive enterprise. At that time the Senator from Arkansas [Mr. FULBRIGHT] was appointed one of the conferees. I wish to have his name withdrawn as one of the conferees, and to have substituted the name of the Senator from Alabama [Mr. SPARKMAN].

The VICE PRESIDENT. Without objection, it is so ordered.

CREATION OF FEDERAL FARM CREDIT BOARD

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1505, Calendar No. 599.

The VICE PRESIDENT. The bill will be stated by title.

The CHIEF CLERK. A bill (S. 1505) to increase farmer participation in ownership and control of the Federal Farm Credit System to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax on certain farm credit institutions; and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to, and the Senate proceeded to consider the bill. S. 1505, which had been reported from the Committee on Agriculture and Forestry with amendments.

Mr. SCHOEPPPEL. Mr. President, the distinguished Senator from Vermont [Mr. AIKEN], chairman of the Committee on Agriculture and Forestry, designated the senior Senator from Kansas and the senior Senator from Florida [Mr. HOLLAND] to pass on this measure, reported from the Committee on Agriculture and Forestry. I am, of course, happy to have been associated with the senior Senator from Florida in handling the bill.

Senate bill 1505 represents a natural development in the cooperative agricultural credit system operated by the Farm Credit Administration in the Department of Agriculture. As farmer ownership of the system has increased, the demand of farmers for a greater voice in the management of the system has likewise increased. Senate bill 1505 represents many years of work by numerous farm organizations, by Congress, and by others interested in agricultural credit. It has the sponsorship of the American Farm Bureau Federation, the National Grange, the National Council of Farmer Cooperatives, the National Advisory Committee of Production Credit Associations, and the National Farm Loan Associations Advisory Committee, to mention a few.

The principal purpose of the bill is to give farmer borrowers an increased voice in the management of the system commensurate with their increased ownership. The bill does this primarily by giving them a voice in the selection of a Federal Farm Credit Board, and by giving them a greater voice in the selection

of the district boards. The bill also contains a great number of detailed and intricate improvements in the management of the system.

Under the bill the Administration would remain in the Department of Agriculture, but would be subject to a Federal Farm Credit Board, which would appoint the Governor and make all major policy decisions. Twelve members of the Board, one from each district, would be appointed by the President, with the advice and consent of the Senate after considering nominations from each of the three groups of local institutions in the district. These institutions are the national farm loan associations, the production credit associations, and the cooperatives that are stockholders in, or subscribers to the guaranty fund of, the bank for cooperatives. It is contemplated that the President would make his appointments from the nominations of these groups; but, in order to avoid a possible constitutional question, the bill does not require him to do so. A 13th member of the Board would be appointed by the Secretary of Agriculture.

The farmer borrowers, through their local institutions, would also be given a greater voice in district policy determinations. District boards are comprised of seven members. At present, 1 member is elected by each of the 3 groups of local institutions. The other four members are appointed by the Governor. The bill would provide for election of an additional director by the related group of local institutions whenever, roughly, the Government's investment represents less than a third of the total net assets of, respectively, the Federal land bank, the production credit associations, or the bank for cooperatives, for the district. Under present circumstances, the bill would permit election of additional directors by the farm loan associations and the production credit associations in each district.

The bill makes no provision for the retirement of Government capital, other than requiring the Federal Farm Credit Board to make recommendations designed to accomplish that purpose. The Federal land banks and many of the production-credit associations have, of course, already retired all their Government capital under provisions of existing law. The bill does provide for payment of some return, designated as a franchise tax, on the Government's investment. This return is to be paid only out of net earnings, after deductions for reserves and other purposes, and is not to exceed the amount the Government is required to pay on its borrowing of an equivalent amount.

Mr. President, that is a short statement of the pending measure. The report, as those who have checked it will readily discern, is in much more detail and goes into various phases of the bill.

There has been sent to the desk of each Senator a comparison of the provisions of the proposed Farm Credit Act of 1953 with the provisions of the existing law. The comparison may be of some help to those who are desirous of knowing the differences between the

present Senate bill and the legislation which it seeks to replace.

Mr. CASE. Mr. President, will the Senator from Kansas yield?

Mr. SCHOEPPPEL. I shall be glad to yield.

Mr. CASE. Is it fair to say that one purpose of the reorganization proposed by the bill is to facilitate and encourage the retirement of the Government's investment in Federal land banks?

Mr. SCHOEPPPEL. The Government's investment in the Federal land banks is already retired. I think it is a fair statement to say that it is hoped that the improved management provided by the bill will place other units in a position to repay the Government's investment.

Mr. CASE. So that in that way and by the structure here proposed it will place the operation more in the hands of the actual owners and the farmers interested?

Mr. SCHOEPPPEL. That is correct. That was the position which was taken by almost all the major farm groups who appeared before the committee.

Mr. LANGER. Mr. President, will the Senator from Kansas yield for a question?

Mr. SCHOEPPPEL. I yield.

Mr. LANGER. Was there any farm organization that opposed the bill?

Mr. SCHOEPPPEL. There was one farm organization that opposed the bill, through representatives who appeared before the committee. That was the National Farmers Union. I understand that there was some opposition manifested by the National Federation of Grain Cooperatives. I think that is a fair statement as to those who appeared in opposition to the bill.

Mr. AIKEN. Mr. President, will the Senator from Kansas yield?

Mr. SCHOEPPPEL. I yield.

Mr. AIKEN. May I point out that the bill was revised in a great many respects after certain witnesses objected to the original text. How far the bill went in meeting their objections I do not know. There are on record 100 to 125 production-credit associations and land-bank associations favoring the bill. Up until June 19, there had been 14 individuals and concerns, I believe, who had registered opposition to it. Since that time there have been 2 or 3 more communications in opposition, and I would say 25 or 30 in favor of it. I cannot state the number exactly.

Mr. CASE. Mr. President, will the Senator from Kansas yield?

Mr. SCHOEPPPEL. I yield.

Mr. CASE. I may say that I understood that originally some of the officers of the Farmers Union expressed opposition to the bill. However, since changes have been made which more clearly place control in the hands of farmers, I have received expressions from individual members of the Farmers Union indicating support of the bill as amended.

Mr. SCHOEPPPEL. I am glad to have the Senator point that out, because the distinguished chairman of the Committee on Agriculture and Forestry made mention of the fact that certain changes

were made in the bill, and they did, I am sure, relieve some of the misgivings of those who had been objecting to the bill.

Mr. FREAR. Mr. President, will the Senator from Kansas yield?

Mr. SCHOEPPPEL. I yield.

Mr. FREAR. I should like to ask the Senator from Kansas who pays the members of the new Federal Board. Are they paid through appropriations?

Mr. SCHOEPPPEL. I will say to the distinguished Senator from Delaware that they are paid from assessments against supervised institutions.

Mr. FREAR. I notice that provision is made for appropriations, and I know the research department and perhaps some others will still have to be paid from appropriations, but to what extent does the execution of the purpose of the four branches of the Farm Credit Administration depend upon appropriations, and what percentage depend upon assessments?

Mr. SCHOEPPPEL. All the expenses of the Farm Credit Administration are paid by assessments.

Mr. FREAR. That will include the services of the Governor, also, will it not?

Mr. SCHOEPPPEL. That is correct.

I read from page 8 of the report:

Section 17 (b) authorizes the expenditure of funds for certain specified services and property, including those usually covered by specific authorization in appropriation bills. With the exception of a direct appropriation from the Treasury each year for the operation of the Cooperative Research and Service Division (which by the bill would be taken out of the FCA) all the funds authorized by the Congress to be expended by the FCA are obtained from assessments against institutions supervised by the FCA.

Mr. FREAR. May I ask the Senator if it is not true that the franchise tax on the earnings of the Federal intermediate credit banks is sufficient to take care of the expenses? I realize that the franchise tax money goes into a guaranty fund and then into the Treasury, and then appropriations are made to take care of certain central functions of the Farm Credit Administration. But, comparatively, is it not a fact that the franchise tax about equals, if it does not a little more than equal, the expenses of the administration? In other words, does not the franchise tax from the organizations equal the appropriations made by Congress?

Mr. SCHOEPPPEL. They pay an assessment, but under the bill they would pay a franchise tax in addition.

Mr. FREAR. Yes; but the assessment is to take care of certain expenses, such as salaries of the Governor, the Members of the Board, and the supervisory expenses, examinations, and so forth. But there are other expenses, as I understand, which are paid by appropriations directly.

Mr. SCHOEPPPEL. It is expected that all expenses will be covered by assessments from supervised units. The assessment would be paid into the Treasury and then appropriated to pay the expenses.

Mr. FREAR. But the revenue from the franchise tax on the Federal intermediate credit banks reaches the Treas-

ury directly, I believe. Is not that correct?

Mr. SCHOEPPPEL. It goes into the Treasury directly, as a return on the Government's investment.

Mr. FREAR. Yes. Then the amount of appropriations and the amount received from the franchise tax are practically equal. If anything, there is probably a little excess balance in the Treasury. In other words, the operation and administration of the Farm Credit Administration, with perhaps the exception of the research department and the central bank cooperatives, involve no expense to the taxpayers of the United States.

Mr. SCHOEPPPEL. That is what has been represented, and I am certain that is the case. There is no expense to the taxpayers and the bill would provide some return to the Government.

Mr. FREAR. I have one further question. The present membership of the district farm credit board is made up of three members appointed by the Secretary of Agriculture or the President, whichever it may be; 1 elected by each of the 3 units, and the seventh selected from among 3 proposed by the National Farm Loan Association for each district.

In the pending bill, it is provided:

(A) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by national farm loan associations, surplus, and reserves of a Federal land bank shall equal or exceed 66 $\frac{2}{3}$ percent of the total of the capital stock, surplus, and reserves of such bank—

The Farm Credit Association, Production Credit Association, and Bank for Cooperatives representatives can then have 2 members on each district board rather than 1.

Does that mean it will be necessary to wait until the total of those three, namely, the Federal land bank, the Production Credit Association, and the Bank Cooperative, each, individually, has 66 $\frac{2}{3}$ percent of the capital stock, or can that be done individually? I think now the national farm loan associations are totally farmer owned. In other words, there is no Government capital in them.

Will it be possible for the National Farm Loan Association to elect immediately after the bill is passed 2 members of each district board rather than 1?

Mr. SCHOEPPPEL. It is my understanding, and I am informed, that it will be possible as soon as the bill is passed and the law becomes operative.

Mr. FREAR. Could the Production Credit Association as soon as they had 66 $\frac{2}{3}$ percent of the capital stock, elect two?

Mr. SCHOEPPPEL. That is the case now in every district.

Mr. FREAR. I thank the able Senator from Kansas.

Mr. SCHOEPPPEL. Mr. President, I shall now defer to the distinguished senior Senator from Florida [Mr. HOLLAND], who has joined with me in reporting the measure. He may have some other information which he desires to present at this time.

Mr. HOLLAND. Mr. President, I thank the Senator from Kansas. I be-

lieve there is nothing material I can add, though, perhaps, there are three small points which I might call to the attention of the Senate.

One refers to the Division of Cooperative Marketing. That would not remain under the jurisdiction of the new Board setup, but, instead, would be transferred to the Department of Agriculture itself. That would be the only part of the agency which would still be a recipient of appropriations from Congress.

So far as the national setup, the regional organizations, and the local organizations, are concerned, they would all be operated upon the capital of the farmer.

The second point which I think should be made, because I did not catch it if it was made by my distinguished colleague, the Senator from Kansas, is that there is provided in the bill a Farm Credit Board of 13 members, to be selected as has been described by the Senator from Kansas. I think the membership of the Board is particularly interesting, in that each of the 12 members must come from 1 of the farm credit districts of the United States, of which there are 12. That would mean distribution of representation on the Board would be about as wide as possibly could be accomplished.

The 13th member of the Board would be named by the Secretary of Agriculture, to complete and continue direct contacts between the Federal Government as a whole, the Department of Agriculture, and the Board.

One of the differences between the House bill and the Senate bill as reported has to do with the 13th member. The House bill provided that the 13th member should be appointed by the Secretary of Agriculture, and should continue to function only so long as there was unretired capital of the United States in the various organizations, or any of them; and that when all Federal capital had been retired, the 13th Board member would cease to function.

It was the judgment of the Senate committee that there would be ample reason for the continuance of liaison and contact between the United States Department of Agriculture and the Board in its functioning after the retirement of Government capital, so the 13th Board member is provided on a permanent basis in the measure reported by the Senate committee.

There is one other respect in which there is a difference between the House bill and the Senate bill. The House bill provided a salary of \$17,500 for the Governor. It was strongly recommended by the Department of Agriculture that the salary should be reduced to \$15,000 because, as was pointed out by the Department of Agriculture, others serving in positions of similar importance were drawing salaries in the neighborhood of \$15,000, such as, for instance, the Administrator of the Rural Electrification Administration, and 1 or 2 others of top rank.

In closing, I think it might be interesting to observe that the bill is the product of an able committee of representatives of various areas and various

functioning organizations which make up the national, the district, and local systems, who have been working on the program for a long time. However, they were not insistent or unreasonable in any sense upon the passage of the bill in the precise form in which they presented it, although it had been worked upon by them for a long time. They were quite responsive to suggestions for changes made by the Department of Agriculture, the Department of Justice, and the two committees.

I must say that there has been no matter of importance—and I think this bill is a matter of very great importance—which has been handled in the Senate Committee on Agriculture and Forestry, since I have been a member, in which there seemed to be such complete unity of opinion on the part of many representatives who came before the committee, and the many from whom we heard, including farm organizations from literally all over the country, and representatives of the highest type of farm life all over the Nation.

If there be serious objection to the bill, I have heard of none. I think it is interesting to note that the bill was unanimously reported by the committee.

Mr. LANGER. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield.

Mr. LANGER. The distinguished Senator from Kansas [Mr. SCHOEPPEL] said that the National Farmers Union objected. Does the Senator from Florida remember what the objections were, and whether or not the provisions to which they objected they were corrected?

Mr. HOLLAND. I understand that after the first objection had been offered, some units of the National Farmers Union withdrew their objection. I cannot say what the attitude of the national organization was, but I may say that compared with the very determined opposition or very determined advocacy which I have observed on the part of various members of that organization since I have been a Member of Congress, nothing approaching that feeling was noticed in this case.

Mr. LANGER. I thank the Senator.

Mr. FREAR. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. FREAR. Does the Senator from Florida recall the amount of reserves of the 12 Federal intermediate credit banks?

Mr. HOLLAND. I believe that information is printed in the report. I will see if I can turn to it.

Mr. FREAR. That leads me to my second question. Perhaps I should ask that question first.

Is it proposed or intended by the bill that, sooner or later, the farm organizations will own completely the Federal intermediate credit banks?

Mr. HOLLAND. It is observed in the bill that all the capital of the Farm Loan Association has already been retired. All the Federal capital has been retired, and those institutions belong wholly to the farmers who have been their patrons and are now their patrons. The same

observation applies to many of the production credit associations.

Mr. FREAR. About half the production credit associations have retired all Government stock.

Mr. HOLLAND. The Senator is correct. There is no effort in this bill to force or coerce the retirement of stock which the parties at interest may not desire to retire. However, it is sought to recognize the fact that there has already been a very large retirement, and that it is in the interest of democratic government for those who own stock—as they do own it exclusively in so many cases—to now assume more and more of the powers of management.

Mr. FREAR. The Senator knows better than I that the Federal intermediate credit banks are totally owned by the Government, but the reserves have come from profits from the production credit associations and the national farm loan associations. That means that they come really from the interest paid by farmers. Therefore, this reserve actually belongs to the farmers who have been borrowing from those two associations.

Mr. HOLLAND. The Senator from Delaware is correct. If he will turn to page 26 of the record of the hearings, he will see interesting facts there set forth. In the case of the land banks and the national farm loan associations, which are combined for the purpose of this statement, the whole capital surplus, and reserves belong to the farmers, and they come to a total of \$380,680,222.

Mr. FREAR. That I do not quite understand. The Senator says all of it. Does that include the reserves and surplus of the Federal intermediate credit banks?

Mr. HOLLAND. It is so stated in the record, if the Senator will refer to the hearings.

Mr. FREAR. I do not have a copy of the hearings before me.

Mr. HOLLAND. It is in the statement the Senator has before him, on page 26. The Senator will note that the last date shown in the statement is as of December 31, 1951, and that the figures quoted represent the capital, surplus, and reserves of the Federal land banks and national farm loan associations combined. He will note also that under the head of "Production Credit Associations," it is shown that the combined capital which belongs to the farmers as of that same date is \$155,332,452, whereas the Government capital and surplus on that date in those same institutions was \$11,370,500.

In the case of the banks for cooperatives, the Senator will see that the farmer-owned surplus and reserves amounted to \$82,615,843, whereas the Government capital and surplus on that same date was \$178,500,000. So the Senator will see that very rapidly, even in those latter two groups of institutions, the farmers are taking over the actual equity ownership of those two groups, that is, the production credit associations and the banks for cooperatives.

Mr. FREAR. In the case of the Federal intermediate credit banks and the

production credit corporations, as distinguished from the production credit associations, where there is no farmer investment whatsoever, the capital and surplus are totally Government capital and surplus, some of which is free capital, as in the case of the production credit corporations, but not so with the intermediate credit banks, because of the assessment.

Mr. HOLLAND. Yes.

Mr. FREAR. I assume that a part of the amount is capital and a part of it is surplus. In my opinion the surplus which has resulted from these two figures belongs to the farmers, because it had come from profits of the national farm-loan associations and production credit associations. I should like to see the owners of these total farm-credit associations given the opportunity to purchase those surpluses from the Government, at no loss to the Government. In reality, they belong to them anyway. Is it contemplated in the plan called for by the terms of the bill that that can be done? Is there any provision or encouragement for it?

Mr. HOLLAND. That is left to be worked out in the future, I will say to the distinguished Senator. There is no objection to it whatsoever, though that has not been accomplished up to this time.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Georgia.

Mr. RUSSELL. I have listened to the discussion of this bill. In view of the fact that it came from such a distinguished committee by a unanimous vote, I have no reason for interposing an objection. But I am very much interested in certain phases of the bill.

I notice that in sections 10, 11, 12, and 13, the bill, which is a Senate bill, proposes to levy a tax. It is not disguised in any way. It is called a franchise tax. In view of the fact that section 7 of article I of the Constitution requires that all tax measures shall originate in the House of Representatives, I should like to have the distinguished Senator from Florida state what is the basis for believing that the bill would be considered constitutional, inasmuch as it is a tax measure originating in the Senate. I undertake to guard the prerogatives of the Senate as jealously as I can; but if there is any one thing that is clear under the Constitution, it is that all tax bills must originate in the House of Representatives. This bill proposes, in four separate paragraphs, to impose a franchise tax. I am sure the committee had some sound reason for that, based on the fact that there is existing law on the subject.

Mr. HOLLAND. In the first place, I will say to the distinguished Senator from Georgia that the House bill has been passed, and that the Senate bill represents a rewriting of the House bill.

In the second place while called a tax, this is nothing in the world but the payment of interest. If the Senator will look at lines 23, 24, and 25, at the bottom of page 16 and lines 1, 2, and 3 at the top

of page 17, he will see that the amount of the franchise tax, so called, shall be calculated at a rate not in excess of the computed average annual rate of interest on all public issues of public debt obligations of the United States. If the Senator will look at lines 16, 17, and 18 on page 17, he will see that it is levied so as not to exceed the rate of return on Government capital. It is the interest to be paid on any remaining investment of the Federal Government.

Mr. RUSSELL. If a House bill carried this tax provision, it would be constitutional; but I must say that I am not impressed with the argument of the Senator from Florida, that inasmuch as the tax is levied for a specific purpose and in a specific amount, it is constitutional for the Senate to originate the tax. If I correctly understand the Constitution of the United States, it matters not for what purpose a tax may be levied, the amount of the tax, or the manner in which it is handled. There is one constitutional prohibition with respect to the Senate. We cannot originate a tax.

I do not agree with the contention of the House that we have no right to inaugurate an appropriation bill, but if there is any one thing that is clear to me under the Constitution, it is the fact that whatever may be its purpose, or the manner of its imposition, or the rate of the tax, no tax bill can originate in the United States Senate.

Mr. HOLLAND. I appreciate the remarks of the distinguished Senator from Georgia. It may be that technically he is correct. I am disinclined to think so.

Let me say that this very matter has been cleared with the Department of Justice. But even if his statement were strictly correct, his objection is met by the very practical fact that the House bill is waiting here, and as soon as this bill is completed it will be substituted for the text of the House bill. As a matter of fact, there is very little difference between the two bills. The distinguished Senator will find this same franchise tax provision in the House bill, with the exception of the fact that the calculation of the rate is somewhat different, as shown by the stricken lines.

Mr. RUSSELL. Under my conception of the Constitution, if there is any form of tax in the House bill the Senate has a right to elaborate upon it in any way it sees fit by amendment. But when it comes to the question of originating a tax, I reiterate that if there is any one thing clear under the Constitution it is the fact that we do not have the right to originate any kind of tax measure.

Mr. HOLLAND. We shall certainly satisfy the complaint of the distinguished Senator from Georgia by the course of action which will be taken in the enactment of this measure.

Mr. FREAR. Mr. President, I believe if the Senator from Georgia will refer to the statute which created the intermediate credit bank system in 1927 he will find that the same provision was contained in the original law and that the provision in the pending bill is taken from that part of the 1927 act, which at that time levied a franchise tax of 25 percent, and that certain deductions

were permissible with respect to the profits of the 12 Federal Intermediate Credit Banks. The same statement applies also to sections 11, 12, and 13 with respect to the Farm Credit Administration and the other organizations. It is nothing new, I will say to the Senator from Georgia, and it does not originate in the bill. It refers to the statute of 1927.

Mr. HOLLAND. I thank the distinguished Senator from Delaware. At any rate, the point, whatever validity there is to it—and there may be great validity to it—will be completely met by the course of action to be taken on the bill. I yield the floor.

THE LEGISLATIVE SCHEDULE OF THE SENATE

Mr. MORSE. Mr. President, I rise to discuss most respectfully, and without any personal criticism of anyone, a matter of Senate procedure.

It is now 10:20 o'clock. We are considering a bill which I believe to be of great importance. I say good naturedly that I would dislike to think what the average grade of the Members of the Senate would be if we were to hand out some blank sheets of paper and ask a few simple questions about the contents of the bill, and rated Senators on the basis of their knowledge of its contents at 10:20 o'clock at night.

I can fully appreciate the enthusiasm of the acting majority leader in seeking to complete a heavy schedule of legislation in what is supposed to be the closing days of this session of Congress. However, I wish to direct my attention to the responsibility which I believe the Senate owes to the American people. I believe we owe the American people the responsibility of passing legislation with adequate time to consider and study it, and to understand the subject on which we are voting.

It is important that we keep in mind the fact that we have been in session a good many hours today. Some of my colleagues are not so young as others of us. Some of my colleagues have told me in the last hour that they were going home because they were going to protect themselves.

I say it is not fair to them or to the people they represent to hold this body in session for a number of hours that cause some of our colleagues to feel that they must go home for their own health protection. I can stay here as long as anyone, as I think I have demonstrated. [Laughter.]

However, I am speaking without any rancor, and I am simply saying most respectfully that I do not believe this is the way to transact the business of the Senate.

I believe in fair-labor standards, too. It is one thing for Senators to sit here for these long hours, but I raise the question of whether it is in keeping with fair-labor standards to keep the Senate staff here for such hours, including these young pages.

We already have an understanding that we will meet tomorrow morning at 10 o'clock. Under that kind of schedule,

we will have very important committees meeting at the same time. I raise the question again, Is it fair to the people of the country to pass legislation under that kind of schedule? Why the rush? Why the rush? Why must we get away on August 1?

With the announcement of the legislative program containing a considerable list of "must" bills, I say, most respectfully and noncritically of anyone, that I do not believe we can consider that list of legislation between now and August 1 and do the deliberative job upon it that ought to be done and keep faith with our responsibilities as Senators.

I sincerely hope that the majority party will give consideration to a revision of its schedule, and face the fact that the schedule which it is trying to impose upon the Senate at this time is unreasonable. I have had Senators in the last hour say to me that they would vote to recess if they had a chance to do so. I do not know how many of them will so vote, but I will give them a chance to do so. Therefore, I move that the Senate stand in recess until tomorrow morning at 10 o'clock.

Mr. KNOWLAND. Mr. President, will the Senator withhold his motion?

Mr. MORSE. I withhold my motion.

Mr. KNOWLAND. Mr. President, in the first place, I submit to the Members of the Senate on both sides of the aisle that we have a larger attendance at this time than we have had in many sessions during the day. In the second place, the acting majority leader has had a number of Senators on both sides of the aisle express the hope that we conclude the first session of this Congress on or about July 31 or August 1.

The acting majority leader points out to the Senate that we are making good progress on the bill. It is not my intention to take up any other legislation tonight, after we have completed the consideration of the pending bill.

I was planning, as acting majority leader, and in keeping with the prerogative normally allowed the majority leader, regardless of which party is in the majority, to make the motion to recess, and I was planning to make the motion to recess until 10 o'clock pursuant to the unanimous-consent agreement previously entered into.

I say to the Senator from Oregon, and the other Members of the Senate, I believe with cooperation on both sides of the aisle, and without all night sessions or running until too late an hour in the evening, we will be able to complete the legislative program. But it will take the cooperation of the membership.

Those who have served in this body recognize the fact that on many occasions during sessions of the Senate, as I pointed out, there are not so many Senators on the floor as there are now, or perhaps even a tenth of the membership that is present tonight and listening to the debate and participating in it and giving the benefit of their views.

We have had a very fine session tonight. We have accomplished a great deal of business. The Members of the

Senate are interested in being here and listening to the arguments. We adopted a number of amendments to the prior bill.

I say most respectfully that if we are permitted to continue in session we will complete consideration of the bill and then recess until tomorrow.

I hope by convening at 10 o'clock in the morning tomorrow we will be able to finish consideration of the armed services appropriation bill without a night session. It is not my intention to take up any additional legislation tomorrow. I hope it may not be necessary to meet in an evening session tomorrow. That will depend on the progress we make with the appropriation bill.

Of course the Senate has it entirely within its prerogative—because the acting majority is only 1 Member out of 96 Members—to adopt the motion made by the Member of the Independent Party and take the leadership of the Senate, with respect to its legislative schedule, away from the acting majority leader. I did want to lay out the program. I recognize the fact that there is hardship involved. The Senate has worked hard. I have never seen a group of men in any activity in which I have ever engaged who have been more devoted to the public service than both sides of the aisle in the Senate.

I hope the Senate, in its judgment, will support the acting majority leader in the program he has outlined. I do not believe it is an unreasonable one. I appreciate the courtesy of the Senator from Oregon in extending me the right to make the statement, because the motion, once it is made, is not debatable. I hope the motion of the Senator from Oregon will be defeated, and I hope the Senate will support the program which the acting majority leader has outlined.

Mr. MORSE. Mr. President, most respectfully I say to the Senator from California, in a warm and friendly spirit, in reply to the argument he has made, in the first place I do not believe it is reasonable or right that, merely because a group of Senators from both sides of the aisle come to the acting majority leader and express the hope that the Senate will adjourn by August 1, that the other Members of the Senate should thereby be punished by the kind of long schedule that has been in effect for some time past, and apparently is contemplated for the future as well, because I do not believe we can escape the conclusion that a schedule such as we have been following, and which is apparently proposed to be followed until August 1, is a schedule that some Members of this body can keep up with. They will tell us so privately. Certainly there is a large attendance of Senators tonight, but there are also some Senators who are absent. Some of them are absent because, as they will tell us, they cannot keep such long hours. I say it is not fair to them or to the States they represent to have the Senate remain in session such long hours.

I wish to assure the acting majority leader that the representative of the Independent Party has no intention at all of following a course of action which

will seek to take the leadership from the acting majority leader. I have no delusions on that score, Mr. President. But as a Member of the Senate, I have a parliamentary right, as does every other Member of the Senate, when he feels the time has come for the Senate to take a recess, to offer such a suggestion.

If we continue in the way we have been proceeding, the business of the Senate will not be expedited. I have seen this problem arise on previous sessions. I have recognized that when there is such pressure, irritations develop, tempers grow short, and instead of expediting the business of the Senate, the Senate is done injury.

I maintain that if we begin with a regular schedule, with the sessions to begin perhaps at 10 or 11 o'clock in the mornings, and to continue until a reasonable hour in the afternoons, the people's business will be transacted in an efficient manner, although that never will be done under a schedule similar to the one we have followed today.

Mr. ANDERSON. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. ANDERSON. Does the Senator from Oregon think that 14 hours in session constitutes a reasonably long day? Of course, in addition to that, Senators have to try to read the newspapers before they come to the Senate Chamber, and also have to transact a considerable amount of office work. It is also necessary for committee meetings to be held before the Senate session begins, and also for conferences and other meetings to be held prior to the beginning of the Senate session. In addition, it frequently is necessary for committee meetings to be held during the day, while the Senate is in session; and from time to time there have to be conferences on various matters.

In such circumstances, I find myself, with not the most robust health in the world, faced with the necessity of being in attendance at a 14-hour session today, and then faced with the necessity of attending committee meetings tomorrow morning, if the Senate agrees to permit committees to meet during the session of the Senate tomorrow, which is to begin at 10 a. m.

Regardless of whether the Senator from Oregon is attempting to take over the leadership, I think he is making a sound suggestion in the interest of protecting the health of the Members of the Senate. I wonder how many times distinguished Members of the Senate, such as the late Senator Willis Smith, will drop dead because their endurance has been exceeded. Mr. President, Congress appropriates funds for the study of heart disease, but an appropriation or study is not required in order for us to realize that dangerous heart conditions are developed in the course of such long sessions. Certainly the majority leader, in his consideration of others, might take into consideration the fact that there are Members of the Senate who should not be on the floor for 14 hours. So I hope that situation will be considered.

Mr. MORSE. Mr. President, I repeat that in making the motion I seek only

to exercise my individual right as a Senator. I know that such a motion is in order from the standpoint of parliamentary procedure. I think it is perfectly proper for a Member of the Senate to ask for the judgment of the Senate on the simple question of whether the Senate has worked long enough for 1 day, particularly when we are not in the position of having to pay—as would be required in the case of industry—double pay to the staff for working such unusually long hours. In the course of my service on the War Labor Board, I handed down more than one decision requiring that time and one-half be paid for work in excess of 8 hours, or that double time be paid for work in excess of 12 hours.

I desire to have the acting majority leader assured that he will have my cooperation in connection with any procedure that is reasonable for the Senate; but I make clear, as one of the motives behind my motion, that I think so long a session is unfair, in terms of the health of some of our colleagues.

Of course, I think so long a session is also unfair to the interests of the people, because at so late an hour as this proper consideration cannot be given to various legislative matters which we must consider.

Mr. President, I now move that the Senate stand in recess until tomorrow morning, at 10 o'clock.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Oregon. [Putting the question.]

The motion was rejected.

CREATION OF FEDERAL FARM CREDIT BOARD

The Senate resumed consideration of the bill (S. 1505) to increase farmer participation in ownership and control of the Federal Farm Credit System to make the Farm Credit Administration an independent establishment of the Federal Government; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax on certain farm credit institutions; and for other purposes.

The VICE PRESIDENT. The clerk will proceed to state the amendments of the committee.

The amendments of the Committee on Agriculture and Forestry were, on page 2, line 12, after the word "declared", to strike out "policy" and insert "policy, including, but not limited to, means of increasing borrower participation in ownership of the Federal Farm Credit System to the end that the investment of the United States in the Federal intermediate credit banks, production-credit corporations, Central Bank for Cooperatives, and regional banks for cooperatives may be retired"; on page 3, line 10, after the words "of the", to strike out "Senate, upon" and insert "Senate"; in line 11, after the amendment just above stated, to insert "In making appointments to the Board the President shall have due regard to a fair representation of the public interest, the welfare of all farmers and the various types of coop-

erative agricultural credit interests; shall give special consideration to persons who are experienced in cooperative agricultural credit; and shall, before making such appointments, receive and consider"; on page 4, line 17, after the word "made", to strike out "upon like nominations and in like manner" and insert "after receiving and considering nominations made in like manner"; on page 5, line 4, after the word "be", to strike out "appointed for" and insert "appointed, or is appointed to fill"; on page 9, line 1, after the word "Credit", to strike out "Administration" and insert "Administration: *Provided, however,* That pending retirement of Government capital in institutions supervised by the Farm Credit Administration, the appointment of the Governor shall be subject to the approval of the President; and during such period the President shall have power to require the removal of the Governor"; in line 10, after the word "exceed", to strike out "\$20,000" and insert "\$15,000"; in line 21, after the word "Credit", to strike out "Administration" and insert "Administration, subject to the provisions of the Classification Act as amended"; on page 10, line 12, after the word "vacant", to strike out:

Provided, That if as of that date the Board for any reason has not entered upon the discharge of its duties the Secretary of Agriculture shall designate an assistant to the Secretary to serve as Acting Governor of the Farm Credit Administration and such Acting Governor shall exercise and perform all functions, powers, and duties vested by this Act in the Farm Credit Administration until his services are terminated by the Board.

And insert:

Provided, That if as of that date a Governor has not been appointed, and qualified, under this Act, the Secretary of Agriculture shall designate an assistant to the Secretary to serve as Acting Governor of the Farm Credit Administration and such Acting Governor shall exercise and perform all functions, powers, and duties vested in the Farm Credit Administration until the appointment and qualification of a Governor as in this act provided. The Acting Governor shall be subject to the powers of the Board when the Board has been appointed and qualified.

On page 11, line 8, after the word "out", to strike out "(2) to exercise adequate budgetary control over the Farm Credit Administration; (3)" and insert "(2)"; in line 12, after the word "Administration", to strike out "(4)" and insert "(3)"; in line 15, after the word "and", to strike out "(5)" and insert "(4)"; on page 15, line 5, after the word "the", to strike out "Agricultural Research Administration in the Department of Agriculture, as a bureau of such agency" and insert "jurisdiction and control of the Secretary of Agriculture"; on page 16, line 4, after the word "said", to strike out "Division in said Department" and insert "Division."; in line 18, after the word "capital", to strike out "equal to the average net interest cost of financing direct obligations of the United States during the fiscal year of the United States ending next before such tax is due (such rate to be determined by the Farm Credit Administration upon the basis of data obtainable from the Secretary of the Treasury)" and insert "calculated at a rate equal to the computed average an-

nual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of the Treasury"; on page 18, line 11, after the word "capital", to strike out "equal to the average net interest cost of financing direct obligations of the United States during the fiscal year of the United States ending next before such tax is due (such rate to be determined by the Farm Credit Administration upon the basis of data obtainable from the Secretary of the Treasury)" and insert "calculated at a rate equal to the computed average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of the Treasury"; on page 20, line 17, after the word "Board", to insert: "No person shall be eligible to appointment or election to membership on said Board if such person has within 1 year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation or association operating under the supervision of the Farm Credit Administration"; on page 21, line 14, after the word "of", to strike out "this act" and insert "the Farm Credit Act of 1953"; on page 26, line 12, after the word "office", to strike out "expire." and insert "expire."; after line 12, to insert:

(3) In any district which includes more than one State no person shall be eligible to be elected by any group if he is a resident of the same State as the other member elected by such group and then serving. If two directors are to be elected at the same election in any such district by any group, the election of the director to be elected by such group under section 5 (b) shall be first determined, and the person receiving the most votes for election under section 5 (d) (2) who is not a resident of the same State as the director elected under section 5 (b) shall be declared elected.

On page 28, line 14, after the word "this", to strike out "act" and insert "act: *Provided, That the cost of examinations and of administrative supervision of the Farm Credit Administration shall continue to be supported by assessments against institutions supervised by the Farm Credit Administration as provided in the Department of Agriculture Organic Act of 1944.*"; in line 21 after the word "therefor", to insert "and subject to provisions of law generally applicable to Government agencies"; and on page 29, line 8, after the word "effect", to strike out "ninety" and insert "one hundred and twenty."

The amendments were agreed to.

The VICE PRESIDENT. That completes the committee amendments.

The bill as amended is as follows:

Be it enacted, etc.—

TITLE

SECTION 1. This act may be cited as the "Farm Credit Act of 1953."

DECLARATION OF POLICY

SEC. 2. It is declared to be the policy of the Congress to encourage and facilitate increased borrower participation in the man-

agement, control, and ultimate ownership of the permanent system of agricultural credit made available through institutions operating under the supervision of the Farm Credit Administration, and the provisions of this act shall be construed in keeping with this policy. The Federal Farm Credit Board hereinafter provided for shall within one year after appointment make recommendations to the Congress of means, supplemental to those provided by this act, of carrying into effect such declared policy, including, but not limited to, means of increasing borrower participation in ownership of the Federal Farm Credit System to the end that the investment of the United States in the Federal intermediate credit banks, production credit corporations, Central Bank for Cooperatives, and regional banks for cooperatives may be retired.

FARM CREDIT ADMINISTRATION

SEC. 3. The Farm Credit Administration shall be in the Department of Agriculture. The Secretary of Agriculture shall report to the President with respect to the operations and functions of the Farm Credit Administration. The Federal Farm Credit Board, hereinafter provided for, shall have direction, supervision, and control of the Farm Credit Administration and of its operations and functions, as in this act provided.

FEDERAL FARM CREDIT BOARD

SEC. 4. (a) There shall be established in the Farm Credit Administration, a Federal Farm Credit Board (hereinafter referred to as the "Board"). Said Board shall consist of 13 members. Twelve of the members, 1 from each of the farm credit districts of the United States, shall be known as appointed members and shall be appointed by the President with the advice and consent of the Senate. In making appointments to the Board the President shall have due regard to a fair representation of the public interest, the welfare of all farmers, and the various types of cooperative agricultural credit interests; shall give special consideration to persons who are experienced in cooperative agricultural credit; and shall, before making such appointments, receive and consider nominations made as follows: The national farm loan associations in the district shall designate 1 nominee, the production credit associations in the district shall designate 1 nominee, and the cooperatives which are stockholders or subscribers to the guaranty fund of the bank for cooperatives of the district shall designate 1 nominee, in accordance with the procedure prescribed in sections 5 (e) and 5 (f) of the Farm Credit Act of 1937 for the nomination and election of members of a district farm credit board, except that only the 2 persons receiving the highest number of votes shall be included in the list of nominees prepared as a result of the voting under the procedure prescribed in said section 5 (e) provided that the names of all those who are tied for second place as a result of said voting shall be included in the list; and in case of a tie in the voting under the procedure prescribed in said section 5 (f) the procedure prescribed therein shall be followed again until the tie is broken; and provided that if the same person would otherwise be on the list of nominees of more than one of said groups as a result of the voting under said section 5 (e) he may choose the one list on which his name shall appear, and otherwise his name shall appear only on the list of the two highest nominees of the group which gave him the highest percentage of its votes. Subsequent appointments shall be made after receiving and considering nominations made in like manner.

(b) Each appointed member of said Board shall be a citizen of the United States and shall have been a resident of the farm credit district from which appointed for not less than 10 years next preceding his appointment, and the removal of residence from the district during his tenure shall operate

as a termination of his membership on said Board. No appointed member of said Board shall be eligible to serve for more than one full term of 6 years, and, in addition, a term of less than 6 years if he is one of the first members to be appointed, or is appointed to fill the unexpired portion of one term expiring before his appointment to a full term. No person shall be eligible for nomination or appointment to membership as an appointed member of said Board if such person has within 1 year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operating under the supervision of the Farm Credit Administration. Any person who is a member of the district farm credit board when appointed as a member of the Federal Farm Credit Board shall resign as a member of the district board before assuming his duties as a member of the Federal Farm Credit Board. No person who becomes an appointed member of said Board shall be eligible to continue to serve as a member thereof if such person becomes a member of any district farm credit board, or an officer or employee of the Farm Credit Administration, or an officer or employee of any corporation operating under the supervision of the Farm Credit Administration.

(c) The term of office of the appointed members of said Board shall be 6 years, beginning with the first day of the calendar month in which this act takes effect, and such members shall serve until their successors are duly appointed and qualified; however, of the first appointed members appointed hereunder, 2 shall be appointed for a term of 1 year from said date, 2 for a term of 2 years, 2 for a term of 3 years, 2 for a term of 4 years, 2 for a term of 5 years, and 2 for a term of 6 years. All vacancies in the offices of appointed members on said Board shall be filled for the unexpired portion of the term upon like nominations and by like appointments as herein provided for the appointment of the first such members of said Board.

(d) The 13th member of the Board shall be designated by the Secretary of Agriculture, shall serve at the pleasure of the Secretary, and shall be known as the Secretary's Representative on said Board. He shall be a citizen of the United States and shall have been a resident of the United States for not less than 10 years next preceding his designation to membership on said Board. No person shall be eligible to be designated by the Secretary or to serve as the Secretary's Representative on said Board, if such person is a member of a district farm credit board, an officer or employee of any corporation operating under the supervision of the Farm Credit Administration. The Secretary's Representative shall not be eligible to serve as Chairman, Vice Chairman, or Secretary of the Board, but shall otherwise possess all rights and privileges of membership on said Board.

(e) As soon as practicable after the memberships on said Board have been filled as in this act provided, the members of said Board shall meet, subscribe the oath of office, and organize by electing from the appointed members a Chairman and a Vice Chairman; and said Board shall appoint a Secretary from within or without its membership as it may see fit. The Board shall elect annually for a term of 1 year the Chairman, Vice Chairman, and Secretary, who shall serve until their successors are elected and take office. The Chairman shall preside at all meetings and the Vice Chairman shall preside in the absence or disability of the Chairman. The Board may, in the absence of both the Chairman and Vice Chairman, elect any appointed member to act as Chairman pro tempore. Seven members shall constitute a quorum of the Board for the transaction of business. The Board may function notwithstanding

vacancies provided a quorum as herein established shall be present. The Board shall meet at such times and places as it may fix and determine, but shall hold at least four regularly scheduled meetings a year; and special meetings may be held on call of the Chairman or any three members of the Board.

(f) Each member of the Board shall receive the sum of \$50 for each day or part thereof spent in the performance of his official duties, which compensation, however, shall not be paid for more than 75 days (or parts of days) in any calendar year; and shall not be paid to the Secretary's Representative if he is a full-time officer or employee of the United States, or such payment is otherwise prohibited by law; and in addition, shall be reimbursed for necessary travel, subsistence, and other expenses incurred in the discharge of his official duties, without regard to other laws with respect to allowances which may be made on account of travel and subsistence expenses of officers and employed personnel of the United States.

(g) The Board shall adopt such rules as it may see fit for the transaction of its business, and shall keep permanent and complete records and minutes of its acts and proceedings.

GOVERNOR OF FARM CREDIT ADMINISTRATION

SEC. 5. (a) The Board shall appoint a Governor of the Farm Credit Administration (hereinafter referred to as the "Governor") who shall serve at the pleasure of the Board, and who shall, subject to the general supervision and direction of the Board as to matters of a broad and general supervisory, advisory, or policy nature, and except as otherwise herein specifically provided, be responsible for the execution of this act, all acts amendatory thereof and supplemental thereto, and all acts creating the powers, functions, and duties of the Farm Credit Administration: *Provided, however,* That pending retirement of Government capital in institutions supervised by the Farm Credit Administration, the appointment of the Governor shall be subject to the approval of the President; and during such period the President shall have power to require the removal of the Governor.

(b) The Board shall fix the compensation of the Governor: *Provided,* That the salary of the Governor shall not exceed \$15,000 a year, together with necessary traveling and subsistence expenses, or per diem allowance in lieu thereof within the limitations prescribed by law, while away from his official station upon official business.

(c) It shall be the duty of the Governor to comply with all orders and directions which he receives from the Board; as to all third persons, all acts of the Governor shall be conclusively presumed to be in compliance with the orders and directions of the Board.

(d) The Governor shall appoint such other personnel as may be necessary to carry out the functions, powers, and duties vested in the Farm Credit Administration, subject to the provisions of the Classification Act as amended. The Farm Credit Administration shall consist of the Board, the Governor, and such other personnel as are employed in carrying out the functions, powers, and duties vested in the Farm Credit Administration. All functions, powers, and duties of the Farm Credit Administration, except those herein conferred upon the Board, shall be exercised and performed by the Governor and may be exercised and performed by him through such officers and employees of the Farm Credit Administration as he shall designate.

(e) The term of office of the incumbent of the office of Governor of the Farm Credit Administration appointed before the effective date of this act and holding office on that date shall terminate on that date and said office shall thereby become vacant: *Provided,*

That if as of that date a Governor has not been appointed, and qualified, under this act, the Secretary of Agriculture shall designate an assistant to the Secretary to serve as Acting Governor of the Farm Credit Administration and such Acting Governor shall exercise and perform all functions, powers, and duties vested in the Farm Credit Administration until the appointment and qualification of a Governor as in this act provided. The Acting Governor shall be subject to the powers of the Board when the Board has been appointed and qualified.

RESPONSIBILITIES OF THE BOARD

SEC. 6. It shall be the function and duty of the Board (1) to see that the policies fixed by the Board hereunder are carried out; (2) to require such reports as it deems necessary from the Governor and from any of the officials or corporations under the control or supervision of the Farm Credit Administration; (3) to make an annual report to Congress, including therein any recommendations of amendments to the laws relative to Federal agricultural credit; and (4) to exercise general direction and supervision over the performance of all functions, powers, and duties vested in the Governor when relating in the judgment of the Board to matters of a broad and general supervisory, advisory, or policy nature. It shall function as a unit without delegating authority to individual members and shall not operate in an administrative capacity; and all administrative powers, functions, and duties of the Farm Credit Administration shall be exercised and performed by the Governor.

OFFICES ABOLISHED AND FUNDS TRANSFERRED

SEC. 7. (a) The offices of the Land Bank Commissioner, Production Credit Commissioner, Cooperative Bank Commissioner, and Intermediate Credit Commissioner are hereby abolished. The Governor shall designate an officer or employee of the Farm Credit Administration to serve at the pleasure of the Governor as a member of the board of directors of the Central Bank for Cooperatives, as chairman of said board of directors, and as executive officer of said bank, in lieu of the Cooperative Bank Commissioner. The Governor shall designate an officer or employee of the Farm Credit Administration to serve at the pleasure of the Governor as a member of the board of directors of the Federal Farm Mortgage Corporation, in lieu of the Land Bank Commissioner. The Federal Farm Mortgage Corporation and its functions and activities are hereby transferred to the Farm Credit Administration and shall be administered therein under the general direction and supervision thereof.

(b) Employees in the Department of Agriculture, who are being utilized on the effective date of this act primarily for the performance of functions, powers, and duties heretofore or by this act vested in the Farm Credit Administration, shall be transferred to the jurisdiction and control of the Farm Credit Administration in those instances in which the Governor determines that they are qualified and necessary to carry out the functions, powers, and duties of the Farm Credit Administration.

(c) All assets, funds, contracts, property, and records used and employed in the execution of the functions, powers, and duties heretofore or by this act vested in the Farm Credit Administration are hereby transferred to the jurisdiction and control of the Farm Credit Administration.

(d) So much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and all other administrative expenditures as the Director of the Bureau of the Budget shall determine for use in the execution of the functions heretofore or by this act vested in the Farm Credit Administration, shall be transferred

to and vested in the Farm Credit Administration.

(e) All unexpended balances of appropriations, allocations, or other funds, other than those mentioned in subsection (d) of this section, available (including those available for the fiscal year ending June 30, 1953) for the Farm Credit Administration and/or for the Secretary of Agriculture on account of the functions and activities of Farm Credit Administration, shall be transferred to the Farm Credit Administration and shall remain available for the exercise of the functions and activities of the Farm Credit Administration.

DELEGATIONS TO DISTRICT INSTITUTIONS

SEC. 8. The Farm Credit Administration is authorized and directed by order or rules and regulations, to delegate to a Federal land bank such of the duties, powers, and authority of the Farm Credit Administration with respect to and over National Farm Loan Associations, their officers and employees in the farm credit district wherein such Federal land bank is located, as may be determined to be in the interest of effective administration; and, in like manner, to delegate to a production credit corporation such of the duties, powers, and authority of the Farm Credit Administration with respect to and over production credit associations, their officers and employees, in the farm credit district wherein such production credit corporation is located, as may be determined to be in the interest of effective administration; and, in either case the duties, powers, and authority so delegated shall be performed and exercised under such conditions and requirements and upon such terms as the Farm Credit Administration may specify. Any Federal land bank or production credit corporation to which any such duties, powers, or authority may be delegated is hereby authorized and empowered to accept, perform, and exercise such duties, powers, and authority as may be so delegated to it.

DIVISION OF COOPERATIVE MARKETING TRANSFERRED

SEC. 9. There is hereby transferred from the Farm Credit Administration to the jurisdiction and control of the Secretary of Agriculture, the Division of Cooperative Marketing (by whatever name now called), authorized and created under and by virtue of an act of Congress of July 2, 1926 (Public Law 450, 69th Cong.), entitled "An act to create a Division of Cooperative Marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to cooperation; to promote the knowledge of cooperative principles and practices; to provide for calling advisers to counsel with the Secretary of Agriculture on cooperative activities; to authorize cooperative associations to acquire, interpret, and disseminate crop and market information, and for other purposes," together with all functions pertaining to the work and services of such Division, its personnel, property (including office equipment), assets, funds, contracts, and records used and employed in the execution of its functions, powers, and duties, and so much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and all other administrative expenditures as the Director of the Bureau of the Budget shall determine, for use in the execution of the functions, powers, and duties of said Division.

FRANCHISE TAX PROVISIONS

SEC. 10. Section 23 of the Federal Farm Loan Act, as amended, is further amended by adding at the end thereof a new paragraph as follows:

"Notwithstanding any other provision of this act, in the case of a Federal land bank having outstanding capital stock held by

the United States during the whole or any part of a fiscal year, said bank shall, after complying with the reserve requirements of the preceding paragraphs of this section and before declaring any dividends to shareholders, pay to the United States a franchise tax equal to 25 percent of its net earnings then remaining, not to exceed, however, a rate of return on such Government capital calculated at a rate equal to the computed average annual rate of interest on all public issues of public-debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of the Treasury."

SEC. 11. Section 6 of the Farm Credit Act of 1933 is amended by adding at the end thereof a new paragraph as follows:

"(e) Each production-credit corporation shall, at the end of each fiscal year (1) apply its earnings described in subsection (c) of this section in accordance with the provisions of subsections (c) and (d) of this section; and (2) apply its earnings from all other sources, first, to the payment of any operating expenses for the year remaining unpaid; second, to restore losses and impairment of capital, if any, of the corporation; third, to the creation and maintenance of a surplus equal to 25 percent of the paid-in capital of the corporation; fourth, to the payment of 25 percent of its earnings from all sources then remaining to the United States as a franchise tax, and, fifth, to the payment of the remaining earnings into its surplus account."

SEC. 12. Section 36 of the Farm Credit Act of 1933 is amended to read as follows:

"The Central Bank for Cooperatives shall, at the end of its fiscal year, apply the amount of its earnings in excess of operating expenses during such fiscal year: First, to making up any losses incurred; second, to the restoration of the amount of the impairment, if any, of capital and guaranty fund as determined by the chairman of the board; third, 25 percent of the remainder of such excess of earnings shall be applied to the creation and maintenance of a surplus equal to at least 25 percent of the amount of the capital and guaranty fund; fourth, if said bank shall have outstanding capital stock held by the United States during the whole or any part of the fiscal year, it shall next pay to the United States as a franchise tax, a sum equal to 25 percent of its net earnings then remaining, not exceeding, however, a rate of return on such Government capital calculated at a rate equal to the computed average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of Treasury; and fifth, any sums remaining shall be carried into its surplus account or devoted to the payment of dividends, as may be determined by the chairman of the board. Subscribers to the guaranty fund shall be entitled to dividends in the same amounts as the subscribers to the stock. No rate of dividend in excess of 7 percent per annum shall be paid. Dividends on stock held by the Farm Credit Administration or the Governor thereof, when paid, shall be credited to the revolving fund created under section 6 of the Agricultural Marketing Act, as amended."

SEC. 13. Section 42 of the Farm Credit Act of 1933 is amended to read as follows:

"The provisions of section 35, as amended, and the provisions of section 36, as amended, shall apply in the case of Banks for Cooperatives in the same manner and to the same extent as such provisions are applicable to the Central Bank for Cooperatives, except that powers conferred on the Chairman of the Board of the Central Bank for Cooperatives shall be exercised by the Boards of Directors of the Banks for Cooperatives, sub-

ject to the approval of the Farm Credit Administration."

MEMBERSHIP OF DISTRICT FARM CREDIT BOARDS

SEC. 14. Section 5 (b) of the Farm Credit Act of 1937 is amended to read as follows:

"(b) There shall be in each farm credit district a farm credit board which shall be selected as hereinafter specified and shall be composed of seven members. Each farm credit board shall include in its title the name of the city in which the Federal land bank, Federal Intermediate Credit Bank, production credit corporation, and regional bank for cooperatives of the district are located. Three of the seven members of said board shall be known as elected directors, of whom 1 shall be chosen by national farm loan associations, 1 shall be chosen by production credit associations of the district, and 1 shall be chosen by cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives in the district. Subject to the other provisions hereof, 3 of the 7 members shall be known as district directors and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. The seventh member of such board shall be known as director-at-large and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. No person shall be eligible to appointment or election to membership on said Board if such person has within 1 year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation or association operating under the supervision of the Farm Credit Administration. Each farm credit board shall elect from its members a chairman and vice chairman, and shall appoint a secretary from within or without its membership as it may see fit. The chairman, vice chairman, and secretary shall each be elected for a term of 1 year and until their successors are elected and take office and the board shall elect such officers each year. The chairman shall preside at all meetings and the vice chairman shall preside in the absence or disability of the chairman. The board may, in the absence of both the chairman and vice chairman, elect a member to act as chairman pro tempore."

SEC. 15. Section 5 of the Farm Credit Act of 1937 is amended by striking out the entire text of subdivision (d) thereof and inserting in lieu thereof the following:

"(d) (1) The member of the farm credit board of each farm credit district known as the 'third district director', who is in office on the effective date of the Farm Credit Act of 1953, shall serve as such until his term of office expires. Thereafter, there shall be no member of the district farm credit board to be known as the 'third district director'."

"(2) Notwithstanding the above provision with respect to the appointment of district directors, one additional member of said board shall be elected by each of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district), and serve in lieu of a district director, under the following circumstances and conditions:

"(A) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by national farm loan associations, surplus, and reserves of a Federal land bank shall equal or exceed 66 2/3 percent of the total of the capital stock, surplus, and reserves of such bank as of the date 3 months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall

be elected by the national farm loan associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date 3 months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *And provided further*, That such national farm loan associations shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

"(B) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by persons other than the production credit corporation of the district, surplus, and reserves of the production credit associations (collectively) of a farm credit district shall equal or exceed 66⅔ percent of the total of the capital stock, surplus, and reserves of the production credit associations (collectively) of said district as of the date 3 months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the production credit associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date 3 months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *And provided further*, That such production credit associations shall again and from time to time elect one additional director as aforesaid, if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

"(C) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock and subscriptions to the guaranty fund held by the cooperatives which are stockholders or subscribers to the guaranty fund of a regional bank for cooperatives, surplus and reserves of said bank shall equal or exceed 66⅔ percent of the total capital stock, subscriptions to the guaranty fund, surplus and reserves of said bank as of the date 3 months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the cooperatives which are stockholders or subscribers to the guaranty fund of said bank in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such condi-

tions obtain: *Provided*, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date 3 months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *Provided further*, That such cooperatives which are stockholders or subscribers to the guaranty fund of said bank shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid: *Provided further*, That at no time and under no conditions shall there be in office less than 1 or more than 2 members of said board who are serving by election of any one of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district): *And provided further*, That if two or more of said groups shall, under the terms and provisions hereof, become qualified to elect an additional director pending the expiration of the term of office of the district director (or third district director) whose term next expires, preference shall be given, first to national farm loan associations and borrowers through agencies, next to production credit associations, and next to cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives, to elect an additional director as herein provided as the terms of office of district directors, including the third district director if he be still in office, expire.

"(3) In any district which includes more than one State no person shall be eligible to be elected by any group if he is a resident of the same State as the other member elected by such group and then serving. If two directors are to be elected at the same election in any such district by any group, the election of the director to be elected by such group under section 5 (b) shall be first determined, and the person receiving the most votes for election under section 5 (d) (2) who is not a resident of the same State as the director elected under section 5 (b) shall be declared elected."

SEC. 16. (a) Any other provisions of law to the contrary notwithstanding after the effective date of this act any production credit association may, with the approval of the President of the Production Credit Corporation and of the Farm Credit Administration, issue nonvoting preferred stock, to be known as class C stock, which may be purchased and held by production credit corporations and by investors: *Provided*, That the issuance of such stock shall be authorized by vote of not less than two-thirds of the outstanding shares of class A stock of the association (other than shares held by the Production Credit Corporation) by the holders thereof in person or by proxy and by vote of not less than two-thirds of the outstanding shares of class B stock of the association by the holders thereof in person or by proxy; and for this purpose holders of class A stock (other than the Production Credit Corporation) and holders of class B stock shall be entitled to one vote for each share of stock held by them.

(b) Such class C stock of such associations shall be divided into shares of \$5 each. The resolution of the stockholders authorizing

the issuance of class C stock and every certificate of class C stock issued shall state and express the privileges, restrictions, limitations, and qualifications affecting said stock, and the total amount of the authorized issue to which it belongs.

(c) Such class C stock may (1) be made subject to redemption in such manner, at such time or times, and at such price or prices; (2) be given such preferences as to net assets upon dissolution of the corporation, whether voluntary or involuntary; (3) be given the right to receive such cumulative or noncumulative dividends payable quarterly, semiannually, or annually, and payable as a whole or in part before any dividend shall be set apart for or paid on class A and class B stock; and (4) be made subject to such other restrictions, limitations, and qualifications; as shall be stated and expressed in the resolution of the stockholders authorizing the issuance thereof and in the face of the stock certificates.

APPROPRIATIONS AND EXPENDITURES

SEC. 17. (a) There are authorized to be appropriated such sums as may be necessary or appropriate for administering the provisions of this act: *Provided*, That the cost of examinations and of administrative supervision of the Farm Credit Administration shall continue to be supported by assessments against institutions supervised by the Farm Credit Administration as provided in the Department of Agriculture Organic Act of 1944.

(b) Farm Credit Administration may, within the limits of funds available therefor, and subject to provisions of law generally applicable to Government agencies, make necessary expenditures for personnel services and rent at the seat of government and elsewhere; contract stenographic reporting services; purchase and exchange lawbooks, books of reference, periodicals, newspapers, expenses of attendance at meetings and conferences; purchase, operation, and maintenance, at the seat of government and elsewhere, of motor-propelled passenger-carrying vehicles and other vehicles; printing and binding; and for such other facilities and services as it may from time to time find necessary for the proper administration of this act.

SEC. 18. This act shall take effect 120 days after the date of its enactment: *Provided*, however, That immediately following the enactment of this act the Farm Credit Administration shall proceed with the designation of nominees as provided in section 4 (a) hereof and the members of the Federal Farm Credit Board shall be appointed or designated sufficiently in advance of the effective date of this act to enable said Board to prepare to enter upon the discharge of its duties upon the effective date of this act; and after the effective date of this act, the compensation and expenses of the Board members shall be paid, as provided herein, from the date on which their appointments became effective, out of any funds available for the payment of administrative expenses of the Farm Credit Administration.

SEC. 19. All acts or parts of acts inconsistent with the provisions of this act are hereby repealed to the extent of such inconsistency.

SEC. 20. (a) If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

(b) The right to alter, amend, or repeal this act is hereby expressly reserved.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. SCHOEPEL. Mr. President, I now ask unanimous consent that the Senate proceed to the consideration of

House bill 4353, the corresponding House bill.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 4353) to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

Mr. SCHOEPPEL. Mr. President, I now move that all after the enacting clause of the House bill be stricken out, and that in lieu thereof there be substituted the text of Senate bill 1505, as amended.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Kansas.

The motion was agreed to.

The VICE PRESIDENT. The question now is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

The VICE PRESIDENT. Without objection, the further consideration of Senate bill 1505 is indefinitely postponed.

Mr. SCHOEPPEL. Mr. President, I now move that the Senate insist upon its amendment to House bill 4353, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. SCHOEPPEL, Mr. THYE, Mr. MUNDT, Mr. HOEY, and Mr. HOLLAND conferees on the part of the Senate.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1954

Mr. KNOWLAND. Mr. President, for the information of the Senate, I am about to move that the Senate proceed to the consideration of House bill 5969,

Calendar No. 600, making appropriations for the Department of Defense, in order to have that bill made the unfinished business. Of course, we do not intend to have the Senate proceed with the consideration of the bill this evening. After the bill is made the unfinished business, I shall move, under the previous arrangement, to have the Senate take a recess until 10 a. m. tomorrow.

Mr. President, I now move that the Senate proceed to the consideration of Calendar No. 600, House bill 5969, making appropriations for the Department of Defense.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 5969) making appropriations for the Department of Defense and related independent agencies for the fiscal year ending June 30, 1954, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

DEPARTMENT OF DEFENSE APPRO- PRIATIONS, 1954—AMENDMENTS

Mr. DOUGLAS submitted six amendments intended to be proposed by him to the bill (H. R. 5969) making appropriations for the Department of Defense and related independent agencies for the fiscal year ending June 30, 1954, and for other purposes; which were ordered to lie on the table and to be printed.

RECESS

Mr. KNOWLAND. I now move that the Senate take a recess until 10 o'clock a. m. tomorrow.

The motion was agreed to; and (at 10 o'clock and 41 minutes p. m.) the Senate took a recess, the recess being under the order previously entered, until tomorrow, Wednesday, July 22, 1953, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate July 21 (legislative day of July 6), 1953:

DEPARTMENT OF DEFENSE

Franklin G. Floete, of Iowa, to be Assistant Secretary of Defense.

Melvin Augustus Casberg, of Missouri, to be Assistant Secretary of Defense.

UNITED STATES DISTRICT JUDGE

Benjamin Cornwell Dawkins, Jr., of Louisiana, to be United States district judge for the western district of Louisiana, vice Benjamin C. Dawkins, retired.

UNITED STATES ATTORNEYS

George Cochran Doub, of Maryland, to be United States attorney for the district of Maryland, vice Bernard J. Flynn, resigned.

William B. Bantz, of Washington, to be United States attorney for the eastern district of Washington, vice Harvey Erickson, resigning.

UNITED STATES MARSHALS

Pervie Lee Dodd, of Alabama, to be United States marshal for the northern district of Alabama, vice Raymond E. Thomason, resigning.

Paul Johnson, of Oklahoma, to be United States marshal for the eastern district of Oklahoma, vice Robert E. Boen, resigned.

James Y. Victor, of Oklahoma, to be United States marshal for the northern district of Oklahoma, vice Virgil B. Stanley, term expired.

IN THE COAST GUARD

Vice Adm. Merlin O'Neill to be Commandant of the United States Coast Guard, with the rank of vice admiral, for a term of 4 years. (Reappointment.)

CONFIRMATIONS

Executive nominations confirmed by the Senate July 21 (legislative day of July 6), 1953:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Russell Raymond Larmon, of New Hampshire, to be Assistant Secretary of Health, Education, and Welfare.

VETERANS' ADMINISTRATION

Harvey V. Higley, of Wisconsin, to be Administrator of Veterans' Affairs.

ATOMIC ENERGY COMMISSION

Joseph Campbell, of New York, to be a member of the Atomic Energy Commission for the remainder of the term expiring June 30, 1955.

2. FCA REORGANIZATION. Reps. Hope, Andresen, Hill, Cooloy, and Poage were appointed conferees on H. R. 4353, to reorganize FCA, etc. (p. 9984).
3. BUILDINGS. Passed without amendment H. R. 6342, to authorize GSA to acquire real property and to provide for construction of public buildings thereon by executing purchase contracts (pp. 9989-10004).
4. DEFENSE APPROPRIATION BILL, 1954. House conferees were appointed on this bill, H. R. 5969 (p. 9979).
5. RECLAMATION. The Interior and Insular Affairs Committee reported without amendment H. R. 4551, to amend the Reclamation Project Act of 1939 removing authorization of projects by the Interior Department (H. Rept. 933)(p. 10038).
6. SMALL BUSINESS. Received the conference report on H. R. 5141, to create a Small Business Administration, to replace the RFC (pp. 10029-34, D773).
7. REORGANIZATION. The Government Operations Committee reported/without amendment H. Res. 263, disapproving Reorganization Plan No. 9 of 1953, providing for a reorganiz. ed Council of Economic Advisors (p. 10038).
adversely
8. FOOD INSPECTION. The Interstate and Foreign Commerce Committee reported without amendment H. R. 6434, to simplify procedures for establishment of food standards by the Food and Drug Administration (H. Rept. 934)(p. 10038).
9. BUDGETING. The Government Operations Committee ordered reported (but did not actually report) H. R. 2, to provide that Federal expenditures shall not exceed revenues except in time of war or national emergency declared by Congress (p. D771).
10. SURPLUS PROPERTY. The Government Operations Committee ordered reported (but did not actually report) H. R. 6382, to extend until June 30, 1954, the period during which GSA may conduct negotiated sales of surplus property (p. D771).
11. FOREIGN TRADE. The Interstate and Foreign Commerce Committee ordered reported (but did not actually report) S. Con. Res. 40, declaring it the sense of Congress that export containers be marked with the words "United States of America" (p. D771).
12. ADJOURNED until Mon., July 27 (p. 10037). Legislative program as announced by Rep. Hallock: Mon., Consent and Private Calendars; Tues., immigration bill; then (if reported) foreign-relief and other bills. Rep. Halleck said, "I am confident we can dispose of the matters next week that are before us." (pp. 10028-9.)

SENATE

13. FOREIGN RELIEF. The Agriculture and Forestry Committee reported with amendments S. 2249, to authorize CCC to make agricultural commodities owned by it available to the President for the purpose of enabling the President to assist in meeting famine or other urgent relief requirements in countries friendly to the U. S. (S. Rept. 631)(p. 10046).
The Committee reported without amendment H. 2475, to authorize the President to use agricultural commodities to improve the foreign relations of the U. S. (S. Rept. 642)(p. 10048).
14. CUSTOMS SIMPLIFICATION BILL. The Finance Committee reported with amendments this bill, H. R. 5877 (S. Rept. 632)(p. 10046).

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 27, 1953
For actions of July 24, 1953
83rd-1st, No. 139

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HIGHLIGHTS: House passed drought-relief appropriation bill. Senate committees reported foreign-relief and customs-simplification bills. Senate rejected conference report on 1st independent offices appropriation bill. House sent FCA-reorganization bill to conference. Senate passed lease-purchase bill for buildings. Sens. Murray and Humphrey criticized USDA for not providing more storage facilities.

HOUSE

1. **DROUGHT-RELIEF APPROPRIATIONS.** Passed without amendment H. J. Res. 305, which had been reported by the Appropriations Committee earlier in the day (H. Rept. 922) (pp. 9983-8). Rejected an amendment by Rep. Mahon to increase from \$20,000,000 to \$40,000,000 the amount for FHA loans under title 2 of the Bankhead-Jones Farm Tenant Act (pp. 9987-8).

The committee report states: "The committee recommends the full estimate of \$150,000,000, of which \$130,000,000 is added to the Disaster Loan Revolving Fund, and \$20,000,000 is authorized for regular production and subsistence loans under the Farmer's Home Administration. Of the funds proposed for the Disaster Loan Revolving Fund, \$30,000,000 is provided for economic disaster loans under Section 2 (b) of the Act, \$60,000,000 is allowed for special livestock loans under Section 2 (c)..., and \$40,000,000 is recommended to cover costs incurred in furnishing emergency feed and seed assistance to farmers under Section 2 (d)...

"...Removal of the minimum loan limitation of \$2,500 for loans under Section 2 (c)...is proposed. The committee feels that denial of loans of less than \$2,500 outside of disaster areas will work a severe hardship on small farmers...

"The committee feels strongly that the regular Farmers' Home Administration offices and personnel should be used... It questions the need for additional committees or other special groups..."

FARM CREDIT ACT OF 1953

Mr. HOPE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4353) to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm-credit institutions; and for other purposes, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kansas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. HOPE, AUGUST H. ANDRESEN, HILL, COOLEY, and POAGE.

PERMISSION TO SIT DURING SESSION OF HOUSE

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have permission to sit this afternoon during general debate in the House.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PERMITTING ENTRY OF CERTAIN CHILDREN INTO THE UNITED STATES

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk House Joint Resolution 228 to permit the entry of 500 children under 6 years of age, adopted by United States citizens while serving abroad in the Armed Forces of the United States, or while employed abroad by the United States Government, with Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the House joint resolution.

The Clerk read the Senate amendment, as follows:

Strike out all after the resolving clause and insert "That not to exceed 500 special non-quota immigrant visas may be issued, subject to all provisions of the Immigration and Nationality Act, to eligible orphans as defined in this act who are under 10 years of age at the time the visa application is filed and such eligible orphans may be admitted into the United States for permanent residence: *Provided*, That the issuance of visas under this act shall terminate not later than December 31, 1954.

"SEC. 2. When used in this act the term 'eligible orphan' shall mean an alien child (1) who has suffered the death or disappearance of, or abandonment or desertion by, or separation or loss from, both parents, or who has only one parent due to the death or disappearance of, abandonment or desertion by, or separation or loss from the other parent and the remaining parent is incapable of providing care for such child and has in writing irrevocably released him for emigration and adoption; (2) (a) who has been lawfully adopted abroad by a United States citizen and spouse while said citizen is or was serving abroad in the United States Armed Forces, or is or was employed abroad by the United States Government, or (b) concerning whom assurances, satisfactory to

the consular officer to whom a visa application on behalf of such child is made, have been given by a United States citizen and spouse while said citizen is serving abroad in the United States Armed Forces, or is employed abroad by the United States Government, that if such a child is admitted into the United States such citizen and spouse will legally adopt him in the United States and will care for him properly; and (3) who is ineligible for admission into the United States solely because the nonpreference portion of the quota to which he would otherwise be chargeable is oversubscribed by applicants registered on the consular waiting list at the time his visa application is made.

"SEC. 3. No natural parent of any eligible orphan who shall be admitted into the United States pursuant to this act shall thereafter, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

"SEC. 4. Any eligible orphan granted a visa under this act shall be deemed a nonquota immigrant for the purposes of the Immigration and Nationality Act."

Mr. WALTER. Mr. Speaker, this amendment changes the age from 6 to 10 and provides that the natural parents of the adopted children would have no preference.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in.

The title was amended so as to read: "Joint resolution to permit the entry of 500 eligible orphans under 10 years of age, adopted abroad or to be adopted in the United States by United States citizens serving abroad in the United States Armed Forces or employed abroad by the United States Government."

A motion to reconsider was laid on the table.

ADDITIONAL APPROPRIATIONS FOR THE DEPARTMENT OF AGRICULTURE, 1954

Mr. H. CARL ANDRESEN. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, we have before us a House joint resolution making available \$130 million additional funds for the disaster-loan revolving fund and an additional \$20 million in loan funds for the Farmers Home Administration regular program. The subcommittee on appropriations for agriculture felt that the disaster down through the Southwest is such that action upon this is justified and that we should attempt to push this through as soon as possible.

Mr. Speaker, without the assistance given to the livestock industry in the special livestock-loan section of this bill, we might have reverberations all the way through America driving down the price of livestock and in general doing no good whatsoever to the economy.

I will explain briefly the various sections of the bill.

In the first general section of the bill we have made available \$30 million additional for the disaster-loan revolving fund under the heading of what is termed "economic-disaster loans." The Committee on Appropriations has de-

cided that this particular section should be administered under the regular Farmers Home Administration setup. This particular \$30 million in loans, because of the fact that they are in a disaster area as proclaimed by the President, will undoubtedly have an interest rate of 3 percent only. While that is not in the bill, we have had testimony to the effect that the Secretary of Agriculture intends to set an interest rate of 3 percent upon these particular loans.

In this particular section the small fellow is taken care of. If there is any one thing we have tried to do in this bill, Mr. Speaker, it is to make sure that the little man can get benefits from this as well as the big producer.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Iowa.

Mr. GROSS. I thought there was a 5-percent interest rate on disaster loans to Texans?

Mr. H. CARL ANDERSEN. I will go into that shortly, Mr. GROSS.

The next section of the bill, Mr. Speaker, has to do with what we call the special livestock loans. Here is where you have loans for 2 or 3 years' duration. These carry 5-percent interest and these, unlike the previous section, are available anywhere in the United States to enable breeders of livestock to hold on to their cattle until the propitious moment comes to sell them.

Mind you, they must first exhaust all other avenues of credit, but it does give to the livestock men of America, with the exception of the hog producers—they are not considered here—access to these loans at 5 percent interest for a 2- or 3-year period. Remember, this particular section is applicable to any place in the United States of America. It is not just allocated to the disaster area as is the \$30 million additional loan fund put in here in the previous section administered by the Farm Home Loan Association.

I want to call to your attention, Mr. Speaker, that in this particular section the Subcommittee on Agricultural Appropriations was insistent upon removing the minimum of \$2,500. As you will see in our report, we said:

Removal of the minimum loan limitation of \$2,500 for loans under section 2 (c) of the act with respect to the funds in this bill is proposed. The committee feels that denial of loans of less than \$2,500 outside of disaster areas will work a severe hardship on small farmers and ranchers in such localities. Such persons may suffer disaster and have as much need for a loan of \$2,499 or less than those located within a disaster area.

The SPEAKER. The time of the gentleman from Minnesota has expired.

(Mr. H. CARL ANDERSEN asked and was given permission to proceed for 5 additional minutes.)

Mr. H. CARL ANDERSEN. Now, were it not for this particular provision there would be many injustices perpetrated under this bill.

Mr. GROSS. Mr. Speaker, if the gentleman will yield, why are hog producers excepted under the conditions the gentleman has just stated?

"You have mentioned among the members of the delegation the representative of a shipping line (Messageries maritimes). What is the standing of this enterprise in China?"

"The members of the mission have been unanimous in defending the French flag. The risks of international complication aggravated by the American pressures on the member nations of OUN had caused the Chinese to desert the French company temporarily in favor of a Polish shipping line. Thanks to the perseverance of the French line and their agent in Shanghai, its position has been reestablished today. The monthly contacts between European ports and Takubar and Shanghai have been renewed again. The adoption in the contracts signed at Peiping of the phrases cost and freight (c. f.) for French exports and f. o. b. for Chinese exports leaves to the French sellers and buyers the choice of carrier, which obviously places the shipping lines (Messageries maritimes) in a privileged position."

THE COEXISTENCE OF FIVE FORMS OF ECONOMY

"You told me that you have just left Peiping. Could you tell us some of your impressions of the Chinese economy?"

"A stay of 3 weeks does not enable me to pass serious judgment on Chinese economy. I can say, however, how surprised I was, in comparison to what I have seen in the U. S. S. R., to find that the government of New China had succeeded in making secure in a coherent system the coexistence of 5 different forms of economy: the State, private capital, mixed management, the working classes and the cooperative. According to the information that I gathered from authorized sources, 60 percent of the light industry is in the hands of the national bourgeoisie, 70 percent of the trading is in private hands. As for the agricultural reform, it is revealed more clearly by the allocation of the land to the farmers than by collectivism."

"I am not forgetting that I am speaking to an ex-president of the Advertising Federation. On this phase of your professional activities, what stands out in your mind?"

"My ignorance of the Chinese language did not permit me to evaluate to the fullest extent the slogans which appear on the several large billboards that are found in Peiping. On the other hand, I was struck by the method used by the Chinese advertiser to start campaigns of public interest. The Chinese, who to the satisfaction of their accountants, have invented the abacus, worship figures. That is why they have wisely scored two successive campaigns to reform their economy in favor of the movements of Sanfan (literally three against) and Woufan (five against).

"The first is for the purpose of schooling military officers and the employees of business concerns and of government departments against three evils: corruption, wastefulness and bureaucracy. The second is for the purpose of educating industrialists and businessmen against bribery, tax dodging, misuse of State property, fraud in the execution of contracts, and the theft of economic information from government sources.

"Likewise, when the system is put into operation, if it meets with success, it is intended to put a stop to a deplorable sanitary situation, by the device of 'eight cleanings' which will affect the individual, the house, and the city; the scheme of 'five destructions' (flies, mosquitoes, fleas, bugs, and lice); and finally the 'sole capture' campaign to exterminate rats. If one believes the official claims, 44 million rats, 19 billion insects, and 15 million tons of rubbish will disappear from Chinese life."

"All in all, Mr. President, were you satisfied with your trip?"

"We were all pleased with our trip. Aside from the eagerness which we noticed that people had to carry out gradually the transformation of men and things, we were able

to appreciate the interest which the Chinese authorities have in the cultural development of the country and the conservation of the artistic heritage left to China by the ancient dynasties. Finally, the fine welcome we were accorded everywhere, both among economic circles as well as among the students of the University, made us think that China and France must find the opportunity to begin conversations leading to the furtherance of trade."

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 5 minutes today, following any special orders heretofore entered.

NEED FOR ORDERLY EVALUATION OF INTELLIGENCE ACTIVITIES

(Mr. ZABLOCKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Speaker, yesterday I joined my colleague from New York, Representative EDNA KELLY, in introducing a concurrent resolution which provides for the creation of a joint committee on intelligence matters. The joint committee would consist of 9 members from both bodies of Congress with no more than 5 members being selected from the same political party.

The activities of the Central Intelligence Agency and related intelligence services have been handled from a congressional standpoint in a piecemeal fashion. The importance of these activities to the national security demands at this time the creation of a joint committee, which will keep the Congress informed and bring these activities under responsible scrutiny. The proposed committee would operate in a manner which has been successfully adopted by the Joint Committee on Atomic Energy matters.

Intelligence has developed as an activity of utmost importance since World War II. The agencies in this field are entitled to a continuous, constant, and stable relationship with the Congress. The membership of the joint committee on intelligence matters, which would presumably be drawn from those charged with responsibility for military and foreign-policy matters, would supply this important link in this crucial area. At the same time, the joint committee would save the executive branch's intelligence activities from being subjected to undue interference by a number of separate congressional committees, which may consider themselves called upon to pursue inquiries into their operations.

I earnestly hope that this concurrent resolution will receive prompt and favorable consideration from the Congress before the contemplated adjournment early next month.

ADDITIONAL APPROPRIATIONS FOR THE DEPARTMENT OF AGRICULTURE, 1954

Mr. H. CARL ANDERSEN. Mr. Speaker, under the unanimous-consent agree-

ment entered into yesterday, I call up House Joint Resolution 305; and ask unanimous consent that it be considered in the House as in the Committee of the Whole.

The Clerk read the title of the House joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. H. CARL ANDERSEN]?

There was no objection.

The Clerk read the House joint resolution, as follows:

Resolved, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1954, the following sums:

DEPARTMENT OF AGRICULTURE

Disaster loan revolving fund

For an additional amount for the disaster loan revolving fund established under the act of April 6, 1949, as amended (12 U. S. C. 1148a-1 to 1148a-3), \$130,000,000: *Provided*, That when used for loans under section 2 (c) of said act such fund shall not be subject to the minimum loan limitation of \$2,500: *Provided further*, That not more than \$40,000,000 of such fund may be used for emergency feed and seed assistance under section 2 (d) of said act, including reimbursement to the President's Emergency Fund for costs incurred in furnishing assistance in the form of livestock feed in drought areas designated as disaster areas by the President, under authority of the act of September 30, 1950 (41 U. S. C. 1855), as amended, between June 25 and July 15, 1953: *Provided further*, That not more than \$300,000 of the funds provided by this paragraph may be used for administrative expenses.

Farmers' Home Administration

Loan Authorization

For an additional amount for loans under title II of the Bankhead-Jones Farm Tenant Act, as amended, \$20,000,000, to be borrowed in the same account as is authorized under this head in the Department of Agriculture Appropriation Act, 1954.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 104]

Ayres	Javits	Reece, Tenn.
Barrett	Kelly, N. Y.	Reed, Ill.
Boykin	Kilday	Roosevelt
Brooks, La.	McCarthy	Schenck
Buckley	McCulloch	Secret
Celler	McMillan	Shelley
Chatham	McVey	Small
Coudert	Martin	Teague
Dies	Miller, N. Y.	Watts
Dingell	Morrison	Whitten
Dolliver	Moulder	Wier
Fogarty	O'Hara, Minn.	Wigglesworth
Hoffman, Ill.	Patman	
Holt	Pilcher	

The SPEAKER. Three hundred and eighty-two Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 31, 1953
For actions of July 30, 1953
83rd-1st, No. 144

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HIGHLIGHTS: Famine-relief bill was sent to conference. House received conference reports on FCA reorganization and foreign-aid appropriation bills. House passed crop-insurance and forest-loans bills. House committee agreed on cotton-allotments bill. Senate passed supplemental appropriation bill. Both Houses received President's debt-increase message. Senate committees reported forest loans and penalty mail reimbursement bills. Sen. Morse introduced and discussed bill to refer O. & C. land case to court.

HOUSE

1. FCA REORGANIZATION. Received the conference report on this bill, H.R. 4353 (pp. 10829-33). The report includes the following statement by the House conferees: "The conference substitute follows in general the provisions of the House bill except for minor and clarifying changes; the differences between the conference substitute and the bill as passed the House are...": The committee agreed to strike out the first 2 sentences of section 3 and insert "The Farm Credit Administration shall be an independent agency in the executive branch of the Government. It shall be housed in the Department of Agriculture ..., and it may, with the consent of the Secretary of Agriculture, utilize the services and facilities of the Department of Agriculture"; agreed to make permanent a Board of 13 members, one of whom shall be appointed by the Secretary (originally the bill provided that the appointee of the Secretary would be temporary, pending the retirement of Government capital); agreed to the Senate provision that "where a farm-credit district consists of more than one State, this fact shall be a consideration in the election of members of the district board" (the House bill contained no requirement as to State representation).

2. FOREIGN-AID APPROPRIATION BILL. Received the conference report on this bill, H.R. 6391. The conferees agreed to reinstate the House language limiting the use of funds for certain expenses related to the transportation of household goods and personal effects of employees; agreed to insert Senate language providing that not less than \$100,000,000 shall be used to carry out the provisions of Section 550 relating to the distribution of agricultural commodities (the funds provided by this language are in addition to, and not in substitution for, funds available for economic assistance in the form of agricultural commodities); and agreed to include a Senate amendment that requires at least 50% of the gross tonnage of equipment, etc., transported on ocean vessels to be on U.S. flag vessels (pp. 10850-51). Conferees had been appointed earlier that day (p. 10747).
3. CROP INSURANCE. Passed S. 1367, to extend Federal crop insurance into additional counties, with an amendment substituting the language of H.R. 4211 (P. 10752).
4. MINERALS. The Interior and Insular Affairs Committee reported with amendment H.R. 3306, relating to the reservation of mineral rights in land patented under the nonmineral land laws (H. Rept. 1052) (p. 10852).
Both Houses agreed to the conference report on S. 2220, amending the mineral leasing laws with respect to their application in the case of pipelines passing through the public domain (pp. 10785, 10873). This bill will now be sent to the President.
5. RUBBER. Both Houses agreed to the second conference report on H.R. 5728, to authorize disposal of Government-owned rubber-producing facilities (pp. 10785, 10872-73, 10833-39). This bill will now be sent to the President.
6. FOOD STANDARDS. Passed without amendment H.R. 6434, to amend the Federal Food, Drug, and Cosmetic Act to simplify the procedures establishing food standards (p. 10753).
7. PUBLIC LANDS; RECLAMATION. Passed as reported S. 887, to permit the exchange and amendment of farm units on Federal irrigation projects (pp. 10759, 10774-6).
8. RECLAMATION. Passed as reported S. 2097, to increase the amount authorized to be appropriated for construction of the Eklutna project, Alaska (pp. 10785-86).
Discussed and, at the request of Rep. Jones (Mo.), passed over H.R. 5731, to authorize the Secretary of Interior to construct, etc., facilities to provide for irrigation and domestic use from the Santa Margarita River, Calif. (pp. 10828-29).
9. LAND EXCHANGE. Passed as reported H.R. 2839, to enable the Hawaiian Homes Commission to exchange its available lands for public lands (p. 10760).
10. FOREST LOANS. Passed as reported H.R. 5603, to amend the Federal Reserve Act to authorize national banking associations to make loans on forest tracts (p. 10757).
11. FOREIGN TRADE. Passed without amendment H.R. 2763, to reduce the duty on the importation of wood dowels, and to provide for duty-free importation of unfinished wood dowels (pp. 10797-98).
Passed without amendment S. Con. Res. 40, favoring the placing of the inscription "United States of America" on containers of American-made goods for export (pp. 10756-57).
12. SAFETY COUNCIL. Conferees were appointed on S. 1105, to incorporate the National Safety Council (p. 10828).

FARM CREDIT ACT OF 1953

JULY 30, 1953.—Ordered to be printed

Mr. HOPE, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 4353]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4353) to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

TITLE

SECTION 1. This Act may be cited as the "Farm Credit Act of 1953".

DECLARATION OF POLICY

SEC. 2. It is declared to be the policy of the Congress to encourage and facilitate increased borrower participation in the management, control, and ultimate ownership of the permanent system of agricultural credit made available through institutions operating under the supervision of the Farm Credit Administration, and the provisions of this Act shall be construed in keeping with this policy. The Federal Farm Credit Board hereinafter provided for shall within one year after appointment make recommendations to the Congress of means, supplemental to those provided by this Act, of carrying into effect such declared policy, including, but not limited to, means of increasing borrower participation in ownership of the Federal Farm Credit System to the end that the investment of

the United States in the Federal intermediate credit banks, production credit corporations, Central Bank for Cooperatives, and regional banks for cooperatives may be retired.

FARM CREDIT ADMINISTRATION

SEC. 3. The Farm Credit Administration shall be an independent agency in the executive branch of the Government. It shall be housed in the Department of Agriculture in the District of Columbia, and it may, with the consent of the Secretary of Agriculture, utilize the services and facilities of the Department of Agriculture. The Federal Farm Credit Board, hereinafter provided for, shall have direction, supervision, and control of the Farm Credit Administration and of its operations and functions, as in this Act provided.

FEDERAL FARM CREDIT BOARD

SEC. 4. (a) There shall be established, in the Farm Credit Administration, a Federal Farm Credit Board (hereinafter referred to as the "Board"). Said Board shall consist of thirteen members. Twelve of the members, one from each of the farm credit districts of the United States, shall be known as appointed members and shall be appointed by the President with the advice and consent of the Senate. In making appointments to the Board the President shall have due regard to a fair representation of the public interest, the welfare of all farmers and the various types of cooperative agricultural credit interests; shall give special consideration to persons who are experienced in cooperative agricultural credit; and shall, before making such appointments, receive and consider nominations made as follows: The national farm loan associations in the district shall designate one nominee, the production credit associations in the district shall designate one nominee, and the cooperatives which are stockholders or subscribers to the guaranty fund of the bank for cooperatives of the district shall designate one nominee, in accordance with the procedure prescribed in sections 5 (e) and 5 (f) of the Farm Credit Act of 1937 for the nomination and election of members of a district farm credit board, except that only the two persons receiving the highest number of votes shall be included in the list of nominees prepared as a result of the voting under the procedure prescribed in said section 5 (e): Provided, That the names of all those who are tied for second place as a result of said voting shall be included in the list; and in case of a tie in the voting under the procedure prescribed in said section 5 (f) the procedure prescribed therein shall be followed again until the tie is broken: And provided further, That if the same person would otherwise be on the list of nominees of more than one of said groups as a result of the voting under said section 5 (e) he may choose the one list on which his name shall appear, and otherwise his name shall appear only on the list of the two highest nominees of the group which gave him the highest percentage of its votes. Subsequent appointments shall be made after receiving and considering nominations made in like manner.

(b) Each appointed member of said Board shall be a citizen of the United States and shall have been a resident of the farm credit district from which appointed for not less than ten years next preceding his appointment, and the removal of residence from the district during his tenure shall operate as a termination of his membership on said Board.

No appointed member of said Board shall be eligible to serve for more than one full term of six years, and, in addition, a term of less than six years if he is one of the first members to be appointed, or is appointed to fill, the unexpired portion of one term expiring before his appointment to a full term. No person shall be eligible for nomination or appointment to membership as an appointed member on said Board if such person has within one year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operating under the supervision of the Farm Credit Administration. Any person who is a member of the district farm credit board when appointed as a member of the Federal Farm Credit Board shall resign as a member of the district board before assuming his duties as a member of the Federal Farm Credit Board. No person who becomes an appointed member of said Board shall be eligible to continue to serve as a member thereof if such person becomes a member of any district farm credit board, or an officer or employee of the Farm Credit Administration, or an officer or employee of any corporation operating under the supervision of the Farm Credit Administration.

(c) The term of office of the appointed members of said Board shall be six years, beginning with the first day of the calendar month in which this Act takes effect, and such members shall serve until their successors are duly appointed and qualified; however, of the first appointed members appointed hereunder, two shall be appointed for a term of one year from said date, two for a term of two years, two for a term of three years, two for a term of four years, two for a term of five years, and two for a term of six years. All vacancies in the offices of appointed members on said Board shall be filled for the unexpired portion of the term upon like nominations and by like appointments as herein provided for the appointment of the first such members of said Board.

(d) The thirteenth member of the Board shall be designated by the Secretary of Agriculture, shall serve at the pleasure of the Secretary, and shall be known as the Secretary's representative on said Board. He shall be a citizen of the United States and shall have been a resident of the United States for not less than ten years next preceding his designation to membership on said Board. No person shall be eligible to be designated by the Secretary or to serve as the Secretary's representative on said Board, if such person is a member of a district farm credit board, an officer or employee of any corporation operating under the supervision of the Farm Credit Administration. The Secretary's representative shall not be eligible to serve as chairman, vice chairman, or secretary of the Board, but shall otherwise possess all rights and privileges of membership on said Board.

(e) As soon as practicable after the memberships on said Board have been filled as in this Act provided, the members of said Board shall meet, subscribe the oath of office, and organize by electing from the appointed members a chairman and a vice chairman; and said Board shall appoint a secretary from within or without its membership as it may see fit. The Board shall elect annually for a term of one year the chairman, vice chairman, and secretary, who shall serve until their successors are elected and take office. The chairman shall preside at all meetings and the vice chairman shall preside in the absence or disability of the chairman. The Board may, in the absence of both the chairman and vice chairman, elect any appointed member to act as chairman pro tempore. Seven members shall constitute a quorum of the Board for the transaction of

business. The Board may function notwithstanding vacancies provided a quorum as herein established shall be present. The Board shall meet at such times and places as it may fix and determine, but shall hold at least four regularly scheduled meetings a year; and special meetings may be held on call of the chairman or any three members of the Board.

(f) Each member of the Board shall receive the sum of \$50 for each day or part thereof spent in the performance of his official duties, which compensation, however, shall not be paid for more than seventy-five days (or parts of days) in any calendar year; and shall not be paid to the Secretary's representative if he is a full-time officer or employee of the United States, or such payment is otherwise prohibited by law; and in addition, shall be reimbursed for necessary travel, subsistence, and other expenses incurred in the discharge of his official duties, without regard to other laws with respect to allowances which may be made on account of travel and subsistence expenses of officers and employed personnel of the United States.

(g) The Board shall adopt such rules as it may see fit for the transaction of its business, and shall keep permanent and complete records and minutes of its acts and proceedings.

GOVERNOR OF FARM CREDIT ADMINISTRATION

SEC. 5. (a) The Board shall appoint a Governor of the Farm Credit Administration (hereinafter referred to as the "Governor") who shall serve at the pleasure of the Board, and who shall, subject to the general supervision and direction of the Board as to matters of a broad and general supervisory, advisory, or policy nature, and except as otherwise herein specifically provided, be responsible for the execution of this Act, all Acts amendatory thereof and supplemental thereto, and all Acts creating the powers, functions, and duties of the Farm Credit Administration: Provided, however, That pending retirement of Government capital in institutions supervised by the Farm Credit Administration, the appointment of the Governor shall be subject to the approval of the President; and during such period the President shall have power to require the removal of the Governor.

(b) The Board shall fix the compensation of the Governor: Provided, That the salary of the Governor shall not exceed \$17,500 a year, together with the necessary traveling and subsistence expenses, or per diem allowance in lieu thereof within the limitations prescribed by law, while away from his official station upon official business.

(c) It shall be the duty of the Governor to comply with all orders and directions which he receives from the Board; as to all third persons, all acts of the Governor shall be conclusively presumed to be in compliance with the orders and directions of the Board.

(d) The Governor shall appoint such other personnel as may be necessary to carry out the functions, powers, and duties vested in the Farm Credit Administration. The Farm Credit Administration shall consist of the Board, the Governor, and such other personnel as are employed in carrying out the functions, powers, and duties vested in the Farm Credit Administration. All functions, powers, and duties of the Farm Credit Administration, except those herein conferred upon the Board, shall be exercised and performed by the Governor and may be exercised and performed by him through such officers and employees of the Farm Credit Administration as he shall designate.

(e) *The term of office of the incumbent of the office of Governor of the Farm Credit Administration appointed before the effective date of this Act and holding office on that date shall terminate on that date and said office shall thereby become vacant: Provided, That if as of that date a Governor has not been appointed, and qualified, under this Act, the Secretary of Agriculture shall designate an assistant to the Secretary to serve as Acting Governor of the Farm Credit Administration and such Acting Governor shall exercise and perform all functions, powers, and duties vested in the Farm Credit Administration until the appointment and qualification of a Governor as in this Act provided. The Acting Governor shall be subject to the powers of the Board when the Board has been appointed and qualified.*

RESPONSIBILITIES OF THE BOARD

SEC. 6. It shall be the function and duty of the Board (1) to see that the policies fixed by the Board hereunder are carried out; (2) to require such reports as it deems necessary from the Governor and from any of the officials or corporations under the control or supervision of the Farm Credit Administration; (3) to make an annual report to Congress, including therein any recommendations of amendments to the laws relative to Federal agricultural credit; and (4) to exercise general direction and supervision over the performance of all functions, powers, and duties vested in the Governor when relating in the judgment of the Board to matters of a broad and general supervisory, advisory, or policy nature. It shall function as a unit without delegating authority to individual members and shall not operate in an administrative capacity; and all administrative powers, functions, and duties of the Farm Credit Administration shall be exercised and performed by the Governor.

OFFICES ABOLISHED AND FUNDS TRANSFERRED

SEC. 7. (a) The offices of the Land Bank Commissioner, Production Credit Commissioner, Cooperative Bank Commissioner, and Intermediate Credit Commissioner are hereby abolished. The Governor shall designate an officer or employee of the Farm Credit Administration to serve at the pleasure of the Governor as a member of the Board of Directors of the Central Bank for Cooperatives, as chairman of said board of directors, and as executive officer of said bank, in lieu of the Cooperative Bank Commissioner. The Governor shall designate an officer or employee of the Farm Credit Administration to serve at the pleasure of the Governor as a member of the board of directors of the Federal Farm Mortgage Corporation, in lieu of the Land Bank Commissioner. The Federal Farm Mortgage Corporation and its functions and activities are hereby transferred to the Farm Credit Administration and shall be administered therein under the general direction and supervision thereof.

(b) Employees in the Department of Agriculture who are being utilized on the effective date of this Act primarily for the performance of functions, powers, and duties heretofore or by this Act vested in the Farm Credit Administration, shall be transferred to the jurisdiction and control of the Farm Credit Administration in those instances in which the Governor determines that they are qualified and necessary to carry out the functions, powers, and duties of the Farm Credit Administration.

(c) All assets, funds, contracts, property, and records used and employed in the execution of the functions, powers, and duties heretofore or by this Act vested in the Farm Credit Administration are hereby transferred to the jurisdiction and control of the Farm Credit Administration.

(d) So much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and all other administrative expenditures as the Director of the Bureau of the Budget shall determine for use in the execution of the functions heretofore or by this Act vested in the Farm Credit Administration, shall be transferred to and vested in the Farm Credit Administration.

(e) All unexpended balances of appropriations, allocations, or other funds, other than those mentioned in subsection (d) of this section, available (including those available for the fiscal year ending June 30, 1953) for the Farm Credit Administration and/or for the Secretary of Agriculture on account of the functions and activities of Farm Credit Administration, shall be transferred to the Farm Credit Administration and shall remain available for the exercise of the functions and activities of the Farm Credit Administration.

DELEGATIONS TO DISTRICT INSTITUTIONS

SEC. 8. The Farm Credit Administration is authorized and directed, by order or rules and regulations, to delegate to a Federal land bank such of the duties, powers, and authority of the Farm Credit Administration with respect to and over National Farm Loan Associations, their officers and employees, in the farm credit district wherein such Federal land bank is located, as may be determined to be in the interest of effective administration; and, in like manner, to delegate to a production credit corporation such of the duties, powers, and authority of the Farm Credit Administration with respect to and over production credit associations, their officers and employees, in the farm credit district wherein such production credit corporation is located, as may be determined to be in the interest of effective administration; and, in either case the duties, powers, and authority so delegated shall be performed and exercised under such conditions and requirements and upon such terms as the Farm Credit Administration may specify. Any Federal land bank or production credit corporation to which any such duties, powers, or authority may be delegated is hereby authorized and empowered to accept, perform, and exercise such duties, powers, and authority as may be so delegated to it.

DIVISION OF COOPERATIVE MARKETING TRANSFERRED

SEC. 9. There is hereby transferred from the Farm Credit Administration to the jurisdiction and control of the Secretary of Agriculture the Division of Cooperative Marketing (by whatever name now called) authorized and created under and by virtue of an Act of Congress of July 2, 1926 (Public, Numbered 450, sixty-ninth Congress), entitled "An Act to create a Division of Cooperative Marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to cooperation; to promote the knowledge of cooperative principles and practices; to provide for calling advisers to counsel with the Secretary of Agriculture on cooperative activities; to authorize cooperative associations to acquire, interpret, and disseminate crop and market information, and for other purposes", together with all functions pertaining to

the work and services of such Division, its personnel, property (including office equipment), assets, funds, contracts, and records used and employed in the execution of its functions, powers, and duties, and so much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and all other administrative expenditures as the Director of the Bureau of the Budget shall determine, for use in the execution of the functions, powers, and duties of said Division.

FRANCHISE TAX PROVISIONS

SEC. 10. Section 23 of the Federal Farm Loan Act, as amended, is further amended by adding at the end thereof a new paragraph as follows:

"Notwithstanding any other provision of this Act, in the case of a Federal land bank having outstanding capital stock held by the United States during the whole or any part of a fiscal year, said bank shall, after complying with the reserve requirements of the preceding paragraphs of this section and before declaring any dividends to shareholders, pay to the United States a franchise tax equal to 25 per centum of its net earnings then remaining, not to exceed, however, a rate of return of such Government capital calculated at a rate equal to the computed average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of the Treasury."

SEC. 11. Section 6 of the Farm Credit Act of 1933 is amended by adding at the end thereof a new paragraph as follows:

"(e) Each production credit corporation shall, at the end of each fiscal year (1) apply its earnings described in subsection (c) of this section in accordance with the provisions of subsections (c) and (d) of this section; and (2) apply its earnings from all other sources, first, to the payment of any operating expenses for the year remaining unpaid; second, to restore losses and impairment of capital, if any, of the corporation; third, to the creation and maintenance of a surplus equal to 25 per centum of the paid-in capital of the corporation; fourth, to the payment of 25 per centum of its earnings from all sources then remaining to the United States as a franchise tax, and fifth, to the payment of the remaining earnings into its surplus account."

SEC. 12. Section 36 of the Farm Credit Act of 1933 is amended to read as follows:

"The Central Bank for Cooperatives shall, at the end of its fiscal year, apply the amount of its earnings in excess of operating expenses during such fiscal year: First, to making up any losses incurred; second, to the restoration of the amount of the impairment, if any, of capital and guaranty fund as determined by the chairman of the board; third, 25 per centum of the remainder of such excess of earnings shall be applied to the creation and maintenance of a surplus equal to at least 25 per centum of the amount of the capital and guaranty fund; fourth, if said bank shall have outstanding capital stock held by the United States during the whole or any part of the fiscal year, it shall next pay to the United States as a franchise tax, a sum equal to 25 per centum of its net earnings then remaining, not exceeding, however, a rate of return on such Government capital calculated at a rate equal to the computed average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of the Treasury;

and fifth, any sums remaining shall be carried into its surplus account or devoted to the payment of dividends, as may be determined by the chairman of the board. Subscribers to the guaranty fund shall be entitled to dividends in the same amounts as the subscribers to the stock. No rate of dividend in excess of 7 per centum per annum shall be paid. Dividends on stock held by the Farm Credit Administration or the Governor thereof, when paid, shall be credited to the revolving fund created under section 6 of the Agricultural Marketing Act, as amended."

SEC. 13. Section 42 of the Farm Credit Act of 1933 is amended to read as follows:

"The provisions of section 35, as amended, and the provisions of section 36, as amended, shall apply in the case of Banks for Cooperatives in the same manner and to the same extent as such provisions are applicable to the Central Bank for Cooperatives, except that powers conferred on the chairman of the Board of the Central Bank for Cooperatives shall be exercised by the Boards of Directors of the Banks for Cooperatives, subject to the approval of the Farm Credit Administration."

MEMBERSHIP OF DISTRICT FARM CREDIT BOARDS

SEC. 14. Section 5 (b) of the Farm Credit Act of 1937 is amended to read as follows:

"(b) There shall be in each farm credit district a farm credit board which shall be selected as hereinafter specified and shall be composed of seven members. Each farm credit board shall include in its title the name of the city in which the Federal land bank, Federal intermediate credit bank, production credit corporation, and regional bank for cooperatives of the district are located. Three of the seven members of said board shall be known as elected directors, of whom one shall be chosen by national farm loan associations, one shall be chosen by production credit associations of the district, and one shall be chosen by cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives in the district. Subject to the other provisions hereof, three of the seven members shall be known as district directors and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. The seventh member of such board shall be known as director-at-large and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. No person shall be eligible hereafter for nomination or appointment to membership as an appointed member on said Board if such person has within one year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operating under the supervision of the Farm Credit Administration. Each farm credit board shall elect from its members a chairman and vice chairman, and shall appoint a secretary from within or without its membership as it may see fit. The chairman, vice chairman, and secretary shall each be elected for a term of one year and until their successors are elected and take office and the board shall elect such officers each year. The chairman shall preside at all meetings and the vice chairman shall preside in the absence or disability of the chairman. The board may, in the absence of both the chairman and vice chairman, elect a member to act as chairman pro tempore."

SEC. 15. Section 5 of the Farm Credit Act of 1937 is amended by striking out the entire text of subdivision (d) thereof and inserting in lieu thereof the following:

"(d) (1) The member of the farm credit board of each farm credit district known as the 'third district director', who is in office on the effective date of the Farm Credit Act of 1953, shall serve as such until his term of office expires. Thereafter, there shall be no member of the district farm credit board to be known as the 'third district director'.

"(2) Notwithstanding the above provision with respect to the appointment of district directors, one additional member of said board shall be elected by each of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district), and serve in lieu of a district director, under the following circumstances and conditions:

"(A) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by national farm loan associations, surplus, and reserves of a Federal land bank shall equal or exceed 66⅔ per centum of the total of the capital stock, surplus, and reserves of such bank as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the national farm loan associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: Provided, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: And provided further, That such national farm loan associations shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

"(B) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by persons other than the production credit corporation of the district, surplus, and reserves of the production credit associations (collectively) of a farm credit district shall equal or exceed 66⅔ per centum of the total of the capital stock, surplus, and reserves of the production credit associations (collectively) of said district as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the production credit associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: Provided, That, if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the

Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: And provided further, That such production credit associations shall again and from time to time elect one additional director as aforesaid, if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

“(C) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock and subscriptions to the guaranty fund held by cooperatives which are stockholders or subscribers to the guaranty fund of a regional bank for cooperatives, surplus and reserves of said bank shall equal or exceed 66⅔ per centum of the total capital stock, subscriptions to the guaranty fund, surplus and reserves of said bank as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the cooperatives which are stockholders or subscribers to the guaranty fund of said bank in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: Provided, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: Provided further, That such cooperatives which are stockholders or subscribers to the guaranty fund of said bank shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid: Provided further, That at no time and under no conditions shall there be in office less than one or more than two members of said board who are serving by election of any one of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district): And provided further, That if two or more of said groups shall, under the terms and provisions hereof, become qualified to elect an additional director pending the expiration of the term of office of the district director (or third district director) whose term next expires, preference shall be given, first to national farm loan associations and borrowers through agencies, next to production credit associations, and next to cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives, to elect an additional director as herein provided as the terms of office of district directors, including the third district director if he be still in office, expire.

“(3) In any district which includes more than one State no person shall be eligible to be elected by any group if he is a resident of the same State as the other member elected by such group and then serving. If

two directors are to be elected at the same election in any such district by any group, the election of the director to be elected by such group under section 5 (b) shall be first determined, and the person receiving the most votes for election under section 5 (d) (2) who is not a resident of the same State as the director elected under section 5 (b) shall be declared elected."

SEC. 16. (a) Any other provisions of law to the contrary notwithstanding after the effective date of this Act any production credit association may, with the approval of the President of the Production Credit Corporation and of the Farm Credit Administration, issue nonvoting preferred stock, to be known as class C stock, which may be purchased and held by production credit corporations and by investors: Provided, That the issuance of such stock shall be authorized by vote of not less than two-thirds of the outstanding shares of class A stock of the association (other than shares held by the Production Credit Corporation) by the holders thereof in person or by proxy and by vote of not less than two-thirds of the outstanding shares of class B stock of the association by the holders thereof in person or by proxy; and for this purpose holders of class A stock (other than the Production Credit Corporation) and holders of class B stock shall be entitled to one vote for each share of stock held by them.

(b) Such class C stock of such associations shall be divided into shares of \$5 each. The resolution of the stockholders authorizing the issuance of class C stock and every certificate of class C stock issued shall state and express the privileges, restrictions, limitations, and qualifications affecting said stock, and the total amount of the authorized issue to which it belongs.

(c) Such class C stock may (1) be made subject to redemption in such manner, at such time or times, and at such price or prices; (2) be given such preferences as to net assets upon dissolution of the corporation, whether voluntary or involuntary; (3) be given the right to receive such cumulative or noncumulative dividends payable quarterly, semiannually, or annually, and payable as a whole or in part before any dividend shall be set apart for or paid on class A and class B stock; and (4) be made subject to such other restrictions, limitations, and qualifications; as shall be stated and expressed in the resolution of the stockholders authorizing the issuance thereof and in the face of the stock certificates.

APPROPRIATIONS AND EXPENDITURES

SEC. 17. (a) There are authorized to be appropriated such sums as may be necessary or appropriate for administering the provision of this Act: Provided, The cost of examination and of administrative supervision of the Farm Credit Administration shall continue to be supported by assessments against institutions supervised by the Farm Credit Administration as provided in the Department of Agriculture Organic Act of 1944.

(b) Farm Credit Administration may, within the limits of funds available therefor, and subject to provisions of law generally applicable to government agencies, make necessary expenditures for personnel services and rent at the seat of government and elsewhere; contract stenographic reporting services; purchase and exchange of lawbooks, books of reference, periodicals, newspapers, expenses of attendance at meetings and conferences; purchase, operation, and maintenance, at the seat of government and elsewhere, of motor-propelled passenger-carrying vehicles and

other vehicles; printing and binding; and for such other facilities and services as it may from time to time find necessary for the proper administration of this Act.

SEC. 18. *This Act shall take effect one hundred and twenty days after the date of its enactment: Provided, however, That immediately following the enactment of this Act the Farm Credit Administration shall proceed with the designation of nominees as provided in section 4 (a) hereof and the members of the Federal Farm Credit Board shall be appointed or designated sufficiently in advance of the effective date of this Act to enable said Board to prepare to enter upon the discharge of its duties upon the effective date of this Act; and after the effective date of this Act, the compensation and expenses of the Board members shall be paid, as provided herein, from the date on which their appointments became effective, out of any funds available for the payment of administrative expenses of the Farm Credit Administration.*

SEC. 19. *All Acts or parts of Acts inconsistent with the provisions of of this Act are hereby repealed to the extent of such inconsistency.*

SEC. 20. (a) *If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provisions to other persons or circumstances shall not be affected thereby.*

(b) *The right to alter, amend, or repeal this Act is hereby expressly reserved.*

And the Senate agree to the same.

CLIFFORD R. HOPE,
AUG. H. ANDRESEN,
WM. S. HILL,
HAROLD D. COOLEY,
W. R. POAGE,

Managers on the Part of the House.

ANDREW F. SCHOEPPPEL,
EDWARD J. THYE,
KARL E. MUNDT,
CLYDE R. HOEY,
SPESSARD L. HOLLAND,

Managers on the Part of the Senate.

STATEMENT OF MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4353) to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The amendment of the Senate struck out all after the enacting clause of the House bill and substituted the provisions of the Senate bill. The committee of conference has agreed to recommend that the House recede from its disagreement to the amendment of the Senate with an amendment which is a substitute for both the House bill and the Senate amendment. The conference substitute follows in general the provisions of the House bill.

Except for minor and clarifying changes, the differences between the conference substitute and the bill as passed by the House are explained below.

Status of Farm Credit Administration—Section 3

The House bill provided that the Farm Credit Administration "shall be in the Department of Agriculture" and that the Secretary of Agriculture shall report to the President with respect to its operations. After adoption of the bill by the House, a constitutional question was raised as to the appointment of the Governor under the provisions of the House bill. The committee of conference has agreed to strike out of the House bill the first two sentences of section 3 and to insert:

The Farm Credit Administration shall be an independent agency in the executive branch of the Government. It shall be housed in the Department of Agriculture in the District of Columbia, and it may, with the consent of the Secretary of Agriculture, utilize the services and facilities of the Department of Agriculture.

Number of Federal Farm Credit Board members—Section 4 (a) and (d)

The bill passed by the House provided for a Federal Farm Credit Board of 13 members so long as there is Government capital in the farm credit system and for appointment of the 13th member of the Board by the Secretary of Agriculture, but that after the retirement of the Government capital in the system the Board should consist of only 12 members, none of whom would be appointed by the Secretary. The substitute agreed upon by the conferees will make permanent a Board of 13 members, 1 of whom shall be appointed by the Secretary of Agriculture.

Rate of return on Government capital—Sections 10 and 12

The method of computing the rate of return on Government capital for franchise tax purposes as provided in the House bill has been modified by the substitution of more specific language recommended

by the Secretary of the Treasury. As agreed to by the conferees, the relevant language in these two sections now provides that the rate of return to the Government shall be calculated at a rate equal to the average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before the franchise tax is due.

Eligibility to appointment on district farm credit boards—Section 14

No change was made by the conferees in the House language of this provision, although somewhat different language had been adopted by the Senate. One sentence of this section provided:

No person shall be eligible hereafter for nomination or appointment to membership as an appointed member on said Board if such person has, within one year next preceding the commencement of the term, been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operated under the supervision of the Farm Credit Administration.

The Senate amendment had added the words "or association" after the word "corporation" in this sentence. The committee of conference considered the words added by the Senate to be surplusage, since the local "associations" operating under the Farm Credit Administration are corporations and are included within the meaning of the word "corporation" where it appears in a similar context not only here but other places in the bill.

State representation on district board—Section 15

The bill adopted by the House contained no requirement as to State representation on district farm credit boards. A provision of the Senate amendment which has been included in the substitute agreed to by the conferees provides that where a farm credit district consists of more than one State, this fact shall be a consideration in the election of members of the district board.

CLIFFORD R. HOPE,
AUG. H. ANDRESEN,
WM. S. HILL,
HAROLD D. COOLEY,
W. R. POAGE,

Managers on the Part of the House.



rior Department opposed the passage of this bill. I am wondering if the views of the present administration have been ascertained. I am just curious to know, because this concerns Camp Pendleton, where the Government is already paying \$1 million for its own water that this very body imposed upon the Navy, an additional \$1 million we are paying for the water that the Navy owns—I want to find out now if the present administration has taken a position.

Mr. MILLER of Nebraska. I may say to the distinguished minority whip that the whole proposition has been thoroughly analyzed. I would be very glad to yield to the gentleman from California [Mr. ENGLE] to supply an answer to the gentleman's question.

Mr. McCORMACK. My question was a simple one: Has the present administration, any one of its departments, taken a position on this bill? I notice letters from both the Assistant Secretary of the Interior and the Secretary of the Navy of the last administration, but I see nothing from any department of the present administration.

Mr. MILLER of Nebraska. May I yield to the gentleman from California [Mr. ENGLE].

Mr. ENGLE. If the gentleman will yield I will be glad to answer it.

Mr. McCORMACK. I may say that the greatest influence upon me would be the gentleman from California.

Mr. ENGLE. I thank the gentleman from Massachusetts and appreciate his remark. Representatives of the Bureau of Reclamation appeared before our committee and testified that they were favorable to this bill, that they could go along with it and that they would construct the project under it. They have not as yet filed a written report. Their testimony is in the record.

Mr. Thomas, the Assistant Secretary of the Navy, appeared and he wanted us to be very sure we were not legislating away any water rights that belonged to the United States Government, and in order to comply with his wishes and make it very plain that we were not doing that we included language which appears on page 5 of the bill, line 25, which states:

Provided further, That neither the enactment of this Act nor anything contained in it nor any action duly taken pursuant to it shall be constructed as an admission by the United States prejudicial to any of its rights, riparian or otherwise, to the storage, diversion, or use of the waters of the Santa Margarita system or as a relinquishment, disparagement, waiver, or abandonment thereof.

In other words, we make it very plain that we are protecting the very situation the Secretary of the Navy was interested in. With that qualification, he said he had no objection to the bill.

Mr. McCORMACK. In other words, the gentleman from California informs the gentleman from Massachusetts that, contrary to the position of the Secretary of the Navy and the Assistant Secretary of the Interior of the last administration, the Interior Department of the present administration, so far as the

committee is concerned, has made a favorable recommendation.

Mr. ENGLE. That is right. I regret to say, much as I admire your Dan Kimball, I think he was in error about this legislation the last time.

Mr. McCORMACK. Just one closing observation on that statement: I want the Record to show that the present administration favors the passage of this bill. I agree with my friend that the riparian rights of the Federal Government appear to be protected, but I remember well that no funds appropriated last year were to be used for the Justice Department to enforce the rights of the Federal Government in our courts.

I withdraw my reservation of objection.

Mr. JONES of Missouri. Mr. Speaker, reserving the right to object, it looks as if we are going to be here for some time, so I am going to object to consideration at this time.

Mr. MILLER of Nebraska. Mr. Speaker, I had the understanding that if there was any objection to be raised, I would withdraw my unanimous-consent request that the bill be considered at this time. We have a rule on the bill and it can come up, I hope tomorrow, under the rule where the problem can be thoroughly discussed. I will call it up then.

Mr. HALLECK. Mr. Speaker, I do not want to go unnoticed the observation of the gentleman from Missouri that we are going to be here a long time. May I say to him I do not see any reason why we need to be here a long time.

Mr. JONES of Missouri. We will be here tomorrow.

Mr. MILLER of Nebraska. Mr. Speaker, I withdraw my unanimous-consent request. We will take it up tomorrow under a rule already adopted.

FARM CREDIT ACT OF 1953—CONFERENCE REPORT

Mr. HOPE submitted the following conference report and statement on the bill (H. R. 4353) to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 1054)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4353) to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TITLE

"SECTION 1. This Act may be cited as the 'Farm Credit Act of 1953'."

"DECLARATION OF POLICY

"SEC. 2. It is declared to be the policy of the Congress to encourage and facilitate increased borrower participation in the management, control, and ultimate ownership of the permanent system of agricultural credit made available through institutions operating under the supervision of the Farm Credit Administration, and the provisions of this Act shall be construed in keeping with this policy. The Federal Farm Credit Board hereinafter provided for shall within one year after appointment make recommendations to the Congress of means, supplemental to those provided by this Act, of carrying into effect such declared policy, including, but not limited to, means of increasing borrower participation in ownership of the Federal Farm Credit System to the end that the investment of the United States in the Federal intermediate credit banks, production credit corporations, Central Bank for Cooperatives, and regional banks for cooperatives may be retired.

"FARM CREDIT ADMINISTRATION

"SEC. 3. The Farm Credit Administration shall be an independent agency in the executive branch of the Government. It shall be housed in the Department of Agriculture in the District of Columbia, and it may, with the consent of the Secretary of Agriculture, utilize the services and facilities of the Department of Agriculture. The Federal Farm Credit Board, hereinafter provided for, shall have direction, supervision, and control of the Farm Credit Administration and of its operations and functions, as in this Act provided.

"FEDERAL FARM CREDIT BOARD

"SEC. 4. (a) There shall be established, in the Farm Credit Administration, a Federal Farm Credit Board (hereinafter referred to as the 'Board'). Said Board shall consist of thirteen members. Twelve of the members, one from each of the farm credit districts of the United States, shall be known as appointed members and shall be appointed by the President with the advice and consent of the Senate. In making appointments to the Board the President shall have due regard to a fair representation of the public interest, the welfare of all farmers and the various types of cooperative agricultural credit interests; shall give special consideration to persons who are experienced in cooperative agricultural credit; and shall, before making such appointments, receive and consider nominations made as follows: The national farm loan associations in the district shall designate one nominee, the production credit associations in the district shall designate one nominee, and the cooperatives which are stockholders or subscribers to the guaranty fund of the bank for cooperatives of the district shall designate one nominee, in accordance with the procedure prescribed in sections 5 (e) and 5 (f) of the Farm Credit Act of 1937 for the nomination and election of members of a district farm credit board, except that only the two persons receiving the highest number of votes shall be included in the list of nominees prepared as a result of the voting under the procedure prescribed in said section 5 (e): *Provided*, That the names of all those who are tied for second place as a result of said voting shall be included in the list; and in case of a tie in the voting under the procedure prescribed in said section 5 (f) the procedure prescribed therein shall be followed again until the tie is broken: *And provided further*, That if the same person would otherwise be on the list of nominees of more than one of said groups as a result of the voting under said section 5 (e) he may choose the one list on which his name shall

appear, and otherwise his name shall appear only on the list of the two highest nominees of the group which gave him the highest percentage of its votes. Subsequent appointments shall be made after receiving and considering nominations made in like manner.

"(b) Each appointed member of said Board shall be a citizen of the United States and shall have been a resident of the farm credit district from which appointed for not less than ten years next preceding his appointment, and the removal of residence from the district during his tenure shall operate as a termination of his membership on said Board. No appointed member of said Board shall be eligible to serve for more than one full term of six years, and, in addition, a term of less than six years if he is one of the first members to be appointed, or is appointed to fill the unexpired portion of one term expiring before his appointment to a full term. No person shall be eligible for nomination or appointment to membership as an appointed member on said Board if such person has within one year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operating under the supervision of the Farm Credit Administration. Any person who is a member of the district farm credit board when appointed as a member of the Federal Farm Credit Board shall resign as a member of the district board before assuming his duties as a member of the Federal Farm Credit Board. No person who becomes an appointed member of said Board shall be eligible to continue to serve as a member thereof if such person becomes a member of any district farm credit board, or an officer or employee of the Farm Credit Administration, or an officer or employee of any corporation operating under the supervision of the Farm Credit Administration.

"(c) The term of office of the appointed members of said Board shall be six years, beginning with the first day of the calendar month in which this Act takes effect, and such members shall serve until their successors are duly appointed and qualified; however, of the first appointed members appointed hereunder, two shall be appointed for a term of one year from said date, two for a term of two years, two for a term of three years, two for a term of four years, two for a term of five years, and two for a term of six years. All vacancies in the offices of appointed members on said Board shall be filled for the unexpired portion of the term upon like nominations and by like appointments as herein provided for the appointment of the first such members of said Board.

"(d) The thirteenth member of the Board shall be designated by the Secretary of Agriculture, shall serve at the pleasure of the Secretary, and shall be known as the Secretary's representative on said Board. He shall be a citizen of the United States and shall have been a resident of the United States for not less than ten years next preceding his designation to membership on said Board. No person shall be eligible to be designated by the Secretary or to serve as the Secretary's representative on said Board, if such person is a member of a district farm credit board, an officer or employee of any corporation operating under the supervision of the Farm Credit Administration. The Secretary's representative shall not be eligible to serve as chairman, vice chairman, or secretary of the Board, but shall otherwise possess all rights and privileges of membership on said Board.

"(e) As soon as practicable after the memberships on said Board have been filled as in this Act provided, the members of said Board shall meet, subscribe the oath of office, and organize by electing from the appointed members a chairman and a vice

chairman; and said Board shall appoint a secretary from within or without its membership as it may see fit. The Board shall elect annually for a term of one year the chairman, vice chairman, and secretary, who shall serve until their successors are elected and take office. The chairman shall preside at all meetings and the vice chairman shall preside in the absence or disability of the chairman. The Board may, in the absence of both the chairman and vice chairman, elect any appointed member to act as chairman pro tempore. Seven members shall constitute a quorum of the Board for the transaction of business. The Board may function notwithstanding vacancies provided a quorum as herein established shall be present. The Board shall meet at such times and places as it may fix and determine, but shall hold at least four regularly scheduled meetings a year; and special meetings may be held on call of the chairman or any three members of the Board.

"(f) Each member of the Board shall receive the sum of \$50 for each day or part thereof spent in the performance of his official duties, which compensation, however, shall not be paid for more than 75 days (or parts of days) in any calendar year; and shall not be paid to the Secretary's representative if he is a full-time officer or employee of the United States, or such payment is otherwise prohibited by law; and in addition, shall be reimbursed for necessary travel, subsistence, and other expenses incurred in the discharge of his official duties, without regard to other laws with respect to allowances which may be made on account of travel and subsistence expenses of officers and employed personnel of the United States.

"(g) The Board shall adopt such rules as it may see fit for the transaction of its business, and shall keep permanent and complete records and minutes of its acts and proceedings.

"GOVERNOR OF FARM CREDIT ADMINISTRATION

"SEC. 5. (a) The Board shall appoint a Governor of the Farm Credit Administration (hereinafter referred to as the 'Governor') who shall serve at the pleasure of the Board, and who shall, subject to the general supervision and direction of the Board as to matters of a broad and general supervisory, advisory, or policy nature, and except as otherwise herein specifically provided, be responsible for the execution of this Act, all Acts amendatory thereof and supplemental thereto, and all Acts creating the powers, functions, and duties of the Farm Credit Administration: *Provided, however,* That pending retirement of Government capital in institutions supervised by the Farm Credit Administration, the appointment of the Governor shall be subject to the approval of the President; and during such period the President shall have power to require the removal of the Governor.

"(b) The Board shall fix the compensation of the Governor: *Provided,* That the salary of the Governor shall not exceed \$17,500 a year, together with necessary traveling and subsistence expenses, or per diem allowance in lieu thereof within the limitations prescribed by law, while away from his official station upon official business.

"(c) It shall be the duty of the Governor to comply with all orders and directions which he receives from the Board; as to all third persons, all acts of the Governor shall be conclusively presumed to be in compliance with the orders and directions of the Board.

"(d) The Governor shall appoint such other personnel as may be necessary to carry out the functions, powers, and duties vested in the Farm Credit Administration. The Farm Credit Administration shall consist of the Board, the Governor, and such other personnel as are employed in carrying out the functions, powers, and duties vested in

the Farm Credit Administration. All functions, powers, and duties of the Farm Credit Administration, except those herein conferred upon the Board, shall be exercised and performed by the Governor and may be exercised and performed by him through such officers and employees of the Farm Credit Administration as he shall designate.

"(e) The term of office of the incumbent of the office of Governor of the Farm Credit Administration appointed before the effective date of this Act and holding office on that date shall terminate on that date and said office shall thereby become vacant: *Provided,* That if as of that date a Governor has not been appointed, and qualified, under this Act, the Secretary of Agriculture shall designate an assistant to the Secretary to serve as Acting Governor of the Farm Credit Administration and such Acting Governor shall exercise and perform all functions, powers, and duties vested in the Farm Credit Administration until the appointment and qualification of a Governor as in this Act provided. The Acting Governor shall be subject to the powers of the Board when the Board has been appointed and qualified.

"RESPONSIBILITIES OF THE BOARD

"SEC. 6. It shall be the function and duty of the Board (1) to see that the policies fixed by the Board hereunder are carried out; (2) to require such reports as it deems necessary from the Governor and from any of the officials or corporations under the control or supervision of the Farm Credit Administration; (3) to make an annual report to Congress, including therein any recommendations of amendments to the laws relative to Federal agricultural credit; and (4) to exercise general direction and supervision over the performance of all functions, powers, and duties vested in the Governor when relating in the judgment of the Board to matters of a broad and general supervisory, advisory, or policy nature. It shall function as a unit without delegating authority to individual members and shall not operate in an administrative capacity; and all administrative powers, functions, and duties of the Farm Credit Administration shall be exercised and performed by the Governor.

"OFFICES ABOLISHED AND FUNDS TRANSFERRED

"SEC. 7. (a) The offices of the Land Bank Commissioner, Production Credit Commissioner, Cooperative Bank Commissioner, and Intermediate Credit Commissioner are hereby abolished. The Governor shall designate an officer or employee of the Farm Credit Administration to serve at the pleasure of the Governor as a member of the Board of Directors of the Central Bank for Cooperatives, as chairman of said board of directors, and as executive officer of said bank, in lieu of the Cooperative Bank Commissioner. The Governor shall designate an officer or employee of the Farm Credit Administration to serve at the pleasure of the Governor as a member of the board of directors of the Federal Farm Mortgage Corporation, in lieu of the Land Bank Commissioner. The Federal Farm Mortgage Corporation and its functions and activities are hereby transferred to the Farm Credit Administration and shall be administered therein under the general direction and supervision thereof.

"(b) Employees in the Department of Agriculture who are being utilized on the effective date of this Act primarily for the performance of functions, powers, and duties heretofore or by this Act vested in the Farm Credit Administration, shall be transferred to the jurisdiction and control of the Farm Credit Administration in those instances in which the Governor determines that they are qualified and necessary to carry out the functions, powers, and duties of the Farm Credit Administration.

"(c) All assets, funds, contracts, property, and records used and employed in the execution of the functions, powers, and duties

heretofore or by this Act vested in the Farm Credit Administration are hereby transferred to the jurisdiction and control of the Farm Credit Administration.

"(d) So much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and all other administrative expenditures as the Director of the Bureau of the Budget shall determine for use in the execution of the functions heretofore or by this Act vested in the Farm Credit Administration, shall be transferred to and vested in the Farm Credit Administration.

"(e) All unexpended balances of appropriations, allocations, or other funds, other than those mentioned in subsection (d) of this section, available (including those available for the fiscal year ending June 30, 1953) for the Farm Credit Administration and/or for the Secretary of Agriculture on account of the functions and activities of Farm Credit Administration, shall be transferred to the Farm Credit Administration and shall remain available for the exercise of the functions and activities of the Farm Credit Administration.

"DELEGATIONS TO DISTRICT INSTITUTIONS

"SEC. 8. The Farm Credit Administration is authorized and directed by order or rules and regulations, to delegate to a Federal land bank such of the duties, powers, and authority of the Farm Credit Administration with respect to and over National Farm Loan Associations, their officers and employees, in the farm credit district wherein such Federal land bank is located, as may be determined to be in the interest of effective administration; and, in like manner, to delegate to a production credit corporation such of the duties, powers, and authority of the Farm Credit Administration with respect to and over production credit associations, their officers and employees, in the farm credit district wherein such production credit corporation is located, as may be determined to be in the interest of effective administration; and, in either case the duties, powers, and authority so delegated shall be performed and exercised under such conditions and requirements and upon such terms as the Farm Credit Administration may specify. Any Federal land bank or production credit corporation to which any such duties, powers, or authority may be delegated is hereby authorized and empowered to accept, perform, and exercise such duties, powers, and authority as may be so delegated to it.

"DIVISION OF COOPERATIVE MARKETING TRANSFERRED

"SEC. 9. There is hereby transferred from the Farm Credit Administration to the jurisdiction and control of the Secretary of Agriculture the Division of Cooperative Marketing (by whatever name now called) authorized and created under and by virtue of an Act of Congress of July 2, 1926 (Public, Numbered 450, sixty-ninth Congress), entitled 'An Act to create a Division of Cooperative Marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to cooperation; to promote the knowledge of cooperative principles and practices; to provide for calling advisers to counsel with the Secretary of Agriculture on cooperative activities; to authorize cooperative associations to acquire, interpret, and disseminate crop and market information, and for other purposes', together with all functions pertaining to the work and services of such Division, its personnel, property (including office equipment), assets, funds, contracts, and records used and employed in the execution of its functions, powers, and duties, and so much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and all other administrative expenditures as the Director of the Bureau of the

Budget shall determine, for use in the execution of the functions, powers, and duties of said Division.

"FRANCHISE TAX PROVISIONS

"SEC. 10. Section 23 of the Federal Farm Loan Act, as amended, is further amended by adding at the end thereof a new paragraph as follows:

"Notwithstanding any other provision of this Act, in the case of a Federal land bank having outstanding capital stock held by the United States during the whole or any part of a fiscal year, said bank shall, after complying with the reserve requirements of the preceding paragraphs of this section and before declaring any dividends to shareholders, pay to the United States a franchise tax equal to 25 per centum of its net earnings then remaining, not to exceed, however, a rate of return of such Government capital calculated at a rate equal to the computed average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of Treasury."

"SEC. 11. Section 6 of the Farm Credit Act of 1933 is amended by adding at the end thereof a new paragraph as follows:

"(e) Each production credit corporation shall, at the end of each fiscal year (1) apply its earnings described in subsection (c) of this section in accordance with the provisions of subsections (c) and (d) of this section; and (2) apply its earnings from all other sources, first, to the payment of any operating expenses for the year remaining unpaid; second, to restore losses and impairment of capital, if any, of the corporation; third, to the creation and maintenance of a surplus equal to 25 per centum of the paid-in capital of the corporation; fourth, to the payment of 25 per centum of its earnings from all sources then remaining to the United States as a franchise tax, and fifth, to the payment of the remaining earnings into its surplus account."

"SEC. 12. Section 36 of the Farm Credit Act of 1933 is amended to read as follows:

"The Central Bank for Cooperatives shall, at the end of its fiscal year, apply the amount of its earnings in excess of operating expenses during such fiscal year: First, to making up any losses incurred; second, to the restoration of the amount of the impairment, if any, of capital and guaranty fund as determined by the chairman of the board; third, 25 per centum of the remainder of such excess of earnings shall be applied to the creation and maintenance of a surplus equal to at least 25 per centum of the amount of the capital and guaranty fund; fourth, if said bank shall have outstanding capital stock held by the United States during the whole or any part of the fiscal year, it shall next pay to the United States as a franchise tax, a sum equal to 25 per centum of its net earnings then remaining, not exceeding, however, a rate of return on such Government capital calculated at a rate equal to the computed average annual rate of interest on all public issues of public-debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of Treasury; and fifth, any sums remaining shall be carried into its surplus account or devoted to the payment of dividends, as may be determined by the chairman of the board. Subscribers to the guaranty fund shall be entitled to dividends in the same amounts as the subscribers to the stock. No rate of dividend in excess of 7 per centum per annum shall be paid. Dividends on stock held by the Farm Credit Administration or the Governor thereof, when paid, shall be credited to the revolving fund created under section 6 of the Agricultural Marketing Act, as amended."

"SEC. 13. Section 42 of the Farm Credit Act of 1933 is amended to read as follows:

"The provisions of section 35, as amended, and the provisions of section 36, as amended, shall apply in the case of Banks for Cooperatives in the same manner and to the same extent as such provisions are applicable to the Central Bank for Cooperatives, except that powers, conferred on the chairman of the Board of the Central Bank for Cooperatives shall be exercised by the Boards of Directors of the Banks for Cooperatives, subject to the approval of the Farm Credit Administration."

"MEMBERSHIP OF DISTRICT FARM CREDIT BOARDS

"SEC. 14. Section 5 (b) of the Farm Credit Act of 1937 is amended to read as follows:

"(b) There shall be in each farm credit district a farm credit board which shall be selected as hereinafter specified and shall be composed of seven members. Each farm credit board shall include in its title the name of the city in which the Federal land bank, Federal intermediate credit bank, production credit corporation, and regional bank for cooperatives of the district are located. Three of the seven members of said board shall be known as elected directors, of whom one shall be chosen by national farm loan associations, one shall be chosen by production credit associations of the district, and one shall be chosen by cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives in the district. Subject to the other provisions hereof, three of the seven members shall be known as district directors and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. The seventh member of such board shall be known as director-at-large and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. No person shall be eligible hereafter for nomination or appointment to membership as an appointed member on said Board if such person has within one year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operating under the supervision of the Farm Credit Administration. Each farm credit board shall elect from its members a chairman and vice chairman, and shall appoint a secretary from within or without its membership as it may see fit. The chairman, vice chairman, and secretary shall each be elected for a term of one year and until their successors are elected and take office and the board shall elect such officers each year. The chairman shall preside at all meetings and the vice chairman shall preside in the absence or disability of the chairman. The board may, in the absence of both the chairman and vice chairman, elect a member to act as chairman pro tempore."

"SEC. 15. Section 5 of the Farm Credit Act of 1937 is amended by striking out the entire text of subdivision (d) thereof and inserting in lieu thereof the following:

"(d) (1) The member of the farm credit board of each farm credit district known as the "third district director," who is in office on the effective date of the Farm Credit Act of 1953, shall serve as such until his term of office expires. Thereafter, there shall be no member of the district farm credit board to be known as the "third district director".

"(2) Notwithstanding the above provision with respect to the appointment of district directors, one additional member of said board shall be elected by each of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for co-

operatives of the district), and serve in lieu of a district director, under the following circumstances and conditions:

"(A) Whenever, as determined by the Farm Credit Administration the sum of the capital stock held by national farm loan associations, surplus, and reserves of a Federal land bank shall equal or exceed 66½ per centum of the total of the capital stock, surplus, and reserves of such bank as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the national farm loan associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *And provided further*, That such national farm loan associations shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

"(B) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by persons other than the production credit corporation of the district, surplus, and reserves of the production credit associations (collectively) of a farm credit district shall equal or exceed 66½ per centum of the total of the capital stock, surplus, and reserves of the production credit associations (collectively) of said district as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the production credit associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That, if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *And provided further*, That such production credit associations shall again and from time to time elect one additional director as aforesaid, if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

"(C) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock and subscriptions to the guaranty fund held by cooperatives which are stockholders or subscribers to the guaranty fund of a regional bank for cooperatives, surplus and reserves of said bank shall equal

or exceed 66½ per centum of the total capital stock, subscriptions to the guaranty fund, surplus and reserves of said bank as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the cooperatives which are stockholders or subscribers to the guaranty fund of said bank in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *Provided further*, That such cooperatives which are stockholders or subscribers to the guaranty fund of said bank shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid: *Provided further*, That at no time and under no conditions shall there be in office less than one or more than two members of said board who are serving by election of any one of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district): *And provided further*, That if two or more of said groups shall, under the terms and provisions hereof, become qualified to elect an additional director pending the expiration of the term of office of the district director (or third district director) whose term next expires, preference shall be given, first to national farm loan associations and borrowers through agencies, next to production credit associations, and next to cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives, to elect an additional director as herein provided as the terms of office of district directors, including the third district director if he be still in office, expire.

"(3) In any district which includes more than one State no person shall be eligible to be elected by any group if he is a resident of the same State as the other member elected by such group and then serving. If two directors are to be elected at the same election in any such district by any group, the election of the director to be elected by such group under section 5 (b) shall be first determined, and the person receiving the most votes for election under section 5 (d) (2) who is not a resident of the same State as the director elected under section 5 (b) shall be declared elected."

"SEC. 16. (a) Any other provisions of law to the contrary notwithstanding after the effective date of this Act any production credit association may, with the approval of the President of the Production Credit Corporation and of the Farm Credit Administration, issue nonvoting preferred stock, to be known as class C stock, which may be purchased and held by production credit corporations and by investors: *Provided*, That the issuance of such stock shall be authorized by vote of not less than two-thirds of the outstanding shares of class A stock of the association (other than shares held by the Production Credit Corpora-

tion) by the holders thereof in person or by proxy and by vote of not less than two-thirds of the outstanding shares of class B stock of the association by the holders thereof in person or by proxy; and for this purpose holders of class A stock (other than the Production Credit Corporation) and holders of class B stock shall be entitled to one vote for each share of stock held by them.

"(b) Such class C stock of such associations shall be divided into shares of \$5 each. The resolution of the stockholders authorizing the issuance of class C stock and every certificate of class C stock issued shall state and express the privileges, restrictions, limitations, and qualifications affecting said stock, and the total amount of the authorized issue to which it belongs.

"(c) Such class C stock may (1) be made subject to redemption in such manner, at such time or times, and at such price or prices; (2) be given such preferences as to net assets upon dissolution of the corporation, whether voluntary or involuntary; (3) be given the right to receive such cumulative or noncumulative dividends payable quarterly, semiannually, or annually, and payable as a whole or in part before any dividend shall be set apart for or paid on class A and class B stock; and (4) be made subject to such other restrictions, limitations, and qualifications; as shall be stated and expressed in the resolution of the stockholders authorizing the issuance thereof and in the face of the stock certificates.

"APPROPRIATIONS AND EXPENDITURES

"SEC. 17. (a) There are authorized to be appropriated such sums as may be necessary or appropriate for administering the provision of this Act: *Provided*, The cost of examination and of administrative supervision of the Farm Credit Administration shall continue to be supported by assessments against institutions supervised by the Farm Credit Administration as provided in the Department of Agriculture Organic Act of 1944.

"(b) Farm Credit Administration may, within the limits of funds available therefor, and subject to provisions of law generally applicable to government agencies, make necessary expenditures for personnel services and rent at the seat of government and elsewhere; contract stenographic reporting services; purchase and exchange of lawbooks, books of reference, periodicals, newspapers, expenses of attendance at meetings and conferences; purchase, operation, and maintenance, at the seat of government and elsewhere, of motor-propelled passenger-carrying vehicles and other vehicles; printing and binding; and for such other facilities and services as it may from time to time find necessary for the proper administration of this Act.

"SEC. 18. This act shall take effect one hundred and twenty days after the date of its enactment: *Provided, however*, That immediately following the enactment of this Act the Farm Credit Administration shall proceed with the designation of nominees as provided in section 4 (a) hereof and the members of the Federal Farm Credit Board shall be appointed or designated sufficiently in advance of the effective date of this Act to enable said Board to prepare to enter upon the discharge of its duties upon the effective date of this Act; and after the effective date of this Act, the compensation and expenses of the Board members shall be paid, as provided herein, from the date on which their appointments became effective, out of any funds available for the payment of administrative expenses of the Farm Credit Administration.

"SEC. 19. All Acts or parts of Acts inconsistent with the provisions of this Act are hereby repealed to the extent of such inconsistency.

"SEC. 20. (a) If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

"(b) The right to alter, amend, or repeal this Act is hereby expressly reserved."

And the Senate agree to the same.

CLIFFORD R. HOPE,
AUGUST H. ANDRESEN,
WILLIAM S. HILL,
HAROLD D. COOLEY,
W. R. POAGE,

Managers on the Part of the House.

ANDREW F. SCHOEPPPEL,
EDWARD J. THYE,
KARL E. MUNDT,
CLYDE R. HOEY,
SPESSARD L. HOLLAND,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4353) to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The amendment of the Senate struck out all after the enacting clause of the House bill and substituted the provisions of the Senate bill. The committee of conference has agreed to recommend that the House recede from its disagreement to the amendment of the Senate with an amendment which is a substitute for both the House bill and the Senate amendment. The conference substitute follows in general the provisions of the House bill except for minor and clarifying changes, the differences between the conference substitute and the bill as passed by the House are explained below.

STATUS OF FARM CREDIT ADMINISTRATION—SECTION 3

The House bill provided that the Farm Credit Administration "shall be in the Department of Agriculture" and that the Secretary of Agriculture shall report to the President with respect to its operations. After adoption of the bill by the House, a constitutional question was raised as to the appointment of the Governor under the provisions of the House bill. The committee of conference has agreed to strike out of the House bill the first two sentences of section 3 and to insert "The Farm Credit Administration shall be an independent agency in the executive branch of the Government. It shall be housed in the Department of Agriculture in the District of Columbia, and it may, with the consent of the Secretary of Agriculture, utilize the services and facilities of the Department of Agriculture."

NUMBER OF FEDERAL FARM CREDIT BOARD MEMBERS—SECTION 4 (A) AND (D)

The bill passed by the House provided for a Federal Farm Credit Board of 13 members so long as there is Government capital in the farm credit system and for appointment of the 13th member of the Board by the Secretary of Agriculture, but that after the retirement of the Government capital in the system the Board should consist of only 12 members, none of whom would be appointed by the Secretary. The substitute agreed upon by the conferees will make permanent a Board of 13 members, one of whom shall be appointed by the Secretary of Agriculture.

RATE OF RETURN ON GOVERNMENT CAPITAL—SECTIONS 10 AND 12

The method of computing the rate of return on Government capital for franchise-tax purposes as provided in the House bill has been modified by the substitution of more specific language recommended by the Secretary of the Treasury. As agreed to by the conferees, the relevant language in these two sections now provides that the rate of return to the Government shall be calculated at a rate equal to the average annual rate of interest on all public issues of public-debt obligations of the United States issued during the fiscal year ending next before the franchise tax is due.

ELIGIBILITY TO APPOINTMENT ON DISTRICT FARM CREDIT BOARDS—SECTION 14

No change was made by the conferees in the House language of this provision, although somewhat different language had been adopted by the Senate. One sentence of this section provided "No person shall be eligible hereafter for nomination or appointment to membership as an appointed member on said Board is such person has within one year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operated under the supervision of the Farm Credit Administration." The Senate amendment had added the words "or association" after the word "corporation" in this sentence. The committee of conference considered the words added by the Senate to be surplusage, since the local "associations" operating under the Farm Credit Administration are corporations and are included within the meaning of the word "corporation" where it appears in a similar context not only here but other places in the bill.

STATE REPRESENTATION ON DISTRICT BOARD—SECTION 15

The bill adopted by the House contained no requirement as to State representation on district farm credit boards. A provision of the Senate amendment which has been included in the substitute agreed to by the conferees provides that where a farm-credit district consists of more than one State, this fact shall be a consideration in the election of members of the district board.

CLIFFORD R. HOPE,
AUGUST H. ANDRESEN,
WILLIAM S. HILL,
HAROLD D. COOLEY,
W. R. POAGE,

Managers of the Part of the House.

GOVERNMENT-OWNED RUBBER-PRODUCING FACILITIES

Mr. SHAFER submitted the following conference report and statement on the bill (H. R. 5728) to authorize the disposal of the Government-owned rubber-producing facilities, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 1055)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5728) to authorize the disposal of the Government-owned rubber-producing facilities, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That this Act shall be known as the 'Rubber Producing Facilities Disposal Act of 1953'.

"SEC. 2. It is hereby declared that disposal of the Government-owned rubber-producing facilities pursuant to the provisions of this Act is consistent with the national security and will further effectuate the policy set forth in section 2 of the Rubber Act of 1948, as amended (62 Stat. 101, 50 U. S. C. App. 1921), with respect to the development within the United States of a free, competitive, synthetic rubber industry.

"SEC. 3. (a) There is hereby established a Rubber Producing Facilities Disposal Commission, hereinafter referred to as the Commission, to be composed of three persons, to be appointed by the President. Members of the Commission shall be appointed from civilian life and shall receive compensation at the rate of \$50 per diem for each day engaged in the business of the Commission, and shall be allowed transportation and a per diem of \$9 while away from their homes or places of business pursuant to such business. No person who is employed in or at any time since January 1, 1950, has been an employee of, or who receives a substantial part of his income from, the rubber or petroleum industry, or that part of the chemical industry which supplies, or is capable of supplying, feedstocks for the manufacture of synthetic rubber, shall serve as a Commissioner.

"(b) With respect to the Government-owned rubber-producing facilities it shall be the duty of the Commission, and it is authorized in accordance with the provisions of this Act (1) to invite and receive proposals for the purchase of the facilities; to negotiate for their sale and make recommendations therefor to the Congress; to enter into appropriate contracts for their sale, which contracts shall be binding upon the Government and the prospective purchasers upon their execution subject only to the further provisions of this Act; and in the performance of such contracts to execute and deliver such deeds or other instruments appropriate to effectively transfer to the purchaser thereof title to the facilities, no matter by what officer, agent, department, Government corporation, or instrumentality of the United States the same is held; (2) to lease and thereunder deliver possession of the alcohol butadiene facilities, if practicable; and (3) to take such action and exercise such powers as may be necessary or appropriate to effectuate the purposes of this Act.

"(c) From the time of its appointment and throughout the course of the performance of its duties, the Commission shall consult and advise with the Attorney General in order (1) to secure guidance as to the type of disposal program which would best foster the development of a free competitive synthetic rubber industry, and (2) to supply the Attorney General with such information as he may deem requisite to enable him to provide the advice contemplated by this section and sections 9 (a) (4) and 9 (f) of this Act.

"(d) Before submission of its proposed disposal report to the Congress, as provided for in section 9 of this Act, the Commission shall submit it to the Attorney General, who shall within a reasonable time, in no event to exceed 90 days, after receiving such report, advise the Commission whether, in his opinion, the proposed disposition will violate the antitrust laws.

"(e) Nothing in this Act shall impair, amend, or modify the antitrust laws or limit and prevent their application to persons who acquire property under the provisions of this

Act. As used in this section, the term "anti-trust laws" includes the Act of July 2, 1890 (ch. 647, 26 Stat. 209), as amended; the Act of October 15, 1914 (ch. 323, 38 Stat. 730), as amended; the Federal Trade Commission Act; and the Act of August 27, 1894 (ch. 349, secs. 73, 74, 28 Stat. 570), as amended.

"Sec. 4. The Commission shall be furnished upon its request all available information concerning the Government-owned rubber-producing facilities in the possession of any department, agency, officer, Government corporation, or instrumentality of the United States concerned with Government-owned rubber-producing facilities.

"Sec. 5. The Commission shall proceed as promptly as practicable, conducting such hearings as may be necessary, with the disposal of the rubber-producing facilities in compliance with the provisions of this Act.

"Sec. 6. (a) Without regard to the civil-service laws or the Classification Act of 1949, the Commission shall be authorized to employ professional, clerical, and stenographic assistance, and shall be further authorized to request and, with the consent of the head of any department, agency, Government corporation, or instrumentality of the United States concerned with the Government-owned rubber-producing facilities, receive the assistance of any employee thereof: *Provided*, That rates of pay for personnel employed by the Commission shall be in accordance with the Classification Act of 1949.

"(b) No member of the Commission and no person employed by the Commission as an attorney, agent, or employee in activities involving discretion with respect to negotiations or contracts of sale of the Government-owned rubber-producing facilities, shall, during the period of such employment, or for a period of two years thereafter, be employed in any capacity by any purchaser, or affiliate thereof. No purchaser or affiliate thereof shall employ in any capacity any person, who has served as a member of the Commission or who was employed by the Commission and served the Commission as an attorney, agent, or employee in activities involving discretion with respect to negotiations or contracts of sale of the Government-owned rubber-producing facilities, while any such person is serving as a member or employee of the Commission or for a period of two years thereafter. Any person violating the provisions of this subsection shall be fined not more than \$10,000 or imprisoned not more than one year, or both.

"Sec. 7. (a) The Commission shall invite, upon adequate notice and advertisement, proposals for the purchase of the Government-owned rubber-producing facilities, hereafter referred to as the facilities. The period for the receipt of proposals shall be determined and publicly announced by the Commission, and in no event shall be less than six months after the first day on which proposals may be received pursuant to the advertisement. The advertisement shall be in such form, contain such specifications and reservations, and be published in such manner as the Commission in its discretion determines will best effectuate the purposes of this Act. All data concerning such facilities which in the judgment of the Commission may be reasonably required for the submission of a bona fide proposal shall be furnished by the Commission upon request by any prospective purchaser unless the Commission has reason to believe that such prospective purchaser has not identified his principal, or is not financially responsible, or is a poor security risk.

"(b) Proposals shall be in writing, and shall contain, among other things—

"(1) identification of the person in whose behalf the proposal is submitted, including the business affiliation of such person;

"(2) the facility or facilities which are proposed to be purchased, and the order of preference if more than one facility is pro-

posed to be purchased; or the order of preference if proposals are submitted on more than one facility, if only one facility is proposed to be purchased;

"(3) the arrangements or plans, if any, formal or informal, for the supply of feedstock to, and the disposition of the end products of, the respective facilities proposed to be purchased;

"(4) the amount proposed to be paid for each of the facilities, and, if such amount is not to be paid in cash, then the principal terms of the financing arrangement proposed;

"(5) the general terms and conditions which the prospective purchaser of a copolymer facility would be willing to accept in order to make the end product of such facility available for sale to small business enterprises, and the general terms and conditions which the prospective purchaser of a butadiene or styrene facility would be willing to accept in order to make the end product of such facility available for sale to purchasers of copolymer facilities; and

"(6) such other information as the Commission in its notice and advertisement for proposals shall require be set forth in proposals including the prospective purchaser's acceptance of the terms, conditions, restrictions, and reservations contained in subsection (h) of this section, and the interest rate to be charged on the purchase-money mortgage referred to in subsection (e) of this section.

"(c) Should it become necessary to the effective prosecution of the disposal program, the Commission may, after the termination of the period for the submission of proposals provided for in subsection (a) of this section, disclose the contents of the proposals at such time, in such manner, and to such extent as it deems appropriate.

"(d) Proposals shall be accompanied by a deposit of cash or United States Government bonds of face amount equal to 2½ per centum of the gross amount proposed to be paid but not exceeding \$250,000 for each facility: *Provided, however*, That the deposit required in the case of a proposal for one of a number of facilities on an alternative basis shall be the same as would be required if such proposal were for only the facility for which the particular prospective purchaser proposed to pay the highest amount. Except in the case of purchasers, deposits made hereunder shall be refunded without interest and not later than upon the termination of the period for congressional review as provided in section 9 of this Act. In the case of purchasers, deposits made hereunder shall be applied without interest to the purchase price: *Provided, however*, That upon the closing of the contract of sale the purchaser shall be required to substitute cash equal to the face amount of the Government bonds then held in connection with such purchaser's proposal.

"(e) Payment of the purchase price may be made in part by a first lien purchase-money mortgage, in an amount not to exceed 75 per centum of the purchase price. The terms of any such mortgage obligation, to be determined by negotiation, shall provide among other things for a maturity of not more than ten years, periodic amortization, and a uniform interest rate of not less than 3 per centum per annum.

"(f) Promptly after the termination of the period for the receipt of proposals, pursuant to subsection (a) of this section, and for such period thereafter not less than seven months as may be determined and publicly announced by the Commission, it shall negotiate with those submitting proposals for the purpose of entering into definitive contracts of sale.

"(g) Nothing contained in this Act shall be construed to prevent the Commission from securing such additional information from those submitting proposals at any time as

the Commission may deem necessary or appropriate to fulfill its responsibilities under this Act.

"(h) All contracts of sale and instruments in execution thereof shall contain a national security clause having terms, conditions, restrictions and reservations which will assure the prompt availability of the rubber-producing facilities, or facilities of equivalent capacity, for the production of synthetic rubber and the component materials thereof for a period of ten years from the date of the contract.

"(i) Subject to the conditions prescribed in section 24 of this Act, any contract of sale shall become fully effective upon the expiration of the period for congressional review provided for in section 9 of this Act unless the Congress within such period has disapproved such sale. The transfer of possession of all of the rubber-producing facilities to be sold shall be made as promptly as is practicable after the effective date, in accordance with the terms of the contracts, but in any event within a period terminating sixty days after the expiration of the period for congressional review as provided in section 9 (b) of this Act. The failure to complete transfer of possession prior to said termination date shall not give rise to or be the basis of rescission of the contract of sale.

"(j) Upon termination of the transfer period, as provided in subsection (i) of this section, the operating agency last designated by the President shall make no further sales of synthetic rubber and its component materials except as otherwise provided in this Act.

"(k) During the period of one year following the termination of the transfer period, the operating agency last designated by the President shall offer for sale to the purchasers of the facilities the synthetic rubber and its component materials held by it at a price determined in accordance with its pricing policy prevailing at the close of the transfer period, in amounts prorated in accordance with the ratio of the capacity of each such facility purchased to the total capacity of all facilities of the same type sold. Any synthetic rubber or component materials not purchased by an eligible purchaser during periodic intervals, as determined by the operating agency, shall be made available to other eligible purchasers on a like equitable basis. Any synthetic rubber or component materials not sold during such one-year period shall thereafter be disposed of in such manner as said agency deems advisable.

"Sec. 8. (a) Upon the termination of the transfer period, the operating agency last designated by the President, shall, as promptly as possible consistent with sound operating procedures, take out of production and place in adequate standby condition the rubber-producing facilities which shall not have been sold. At any time after the termination of production, such facilities may be transferred without reimbursement or transfer of funds to the General Services Administration and administered in accordance with the provisions of sections 6, 7, and 8 of the National Industrial Reserve Act of 1948, as amended (62 Stat. 1227, 50 U. S. C. 456-458), or to such other agency as the President may designate for administration in such manner as he may direct. In such event (1) no such facility shall thereafter be operated as a rubber-producing facility for the account of, or by, the Government except pursuant to further Act of Congress; (2) no such facility, other than alcohol-butadiene facilities, shall be leased for operation as a rubber-producing facility at any time: *Provided*, That nothing contained in this Act shall preclude the leasing of alcohol-butadiene facilities for purposes other than the manufacture of alcohol butadiene so long as such leases are in accordance with the provisions of section 8 (a) or section 9

3. **IMMIGRATION.** Agreed, 190-44, to the conference report on H. R. 6481, to admit into the U. S. for permanent residence up to 214,000 refugees, orphans, and certain close relatives of U. S. citizens and aliens admitted for permanent residence (pp. 10988-991).
4. **FCA REORGANIZATION.** Agreed to the conference report on H. R. 4353, to reorganize the Farm Credit Administration, etc. (pp. 10991-2). For provisions of report, see Digest 144.
5. **COTTON ALLOTMENTS.** Passed without amendment H. R. 6665, which provides that the national cotton acreage allotment for 1954 will be 22,500,000 acres (basic), that no State will receive an acreage cut of more than 29.5% below its 1952 acreage (the acreage for this is to be in addition to the national allotment), that State acreage reserves shall be used in addition to other purposes for correcting inequities in farm allotments, that with the approval of the Secretary of Agriculture county committees may apportion farm acreage allotments on the basis of previous farm history, and that for 1954 and 1955 any part of the acreage allotted to any farm which is voluntarily surrendered by the operator of that farm may be reallocated to other farms in the county (pp. 10932-40). The bill had been reported without amendment by the Agriculture Committee earlier in the day (H. Rept. 1058)(p. 11009).
6. **PERSONNEL.** Agreed to a Senate amendment to H. R. 6185, to require that veterans attain a passing grade before becoming eligible for civil-service appointments (pp. 10963-4). This bill will now be sent to the President.
7. **FARM LABCR.** Received the conference report on H. R. 3480, to extend the Mexican farm-labor program. The conferees agreed on an extension for 2 years instead of the House period of 3 years and the Senate period of 1 year. (p. 10993.)
8. **SAFETY.** Received the conference report on S. 1105, to incorporate the National Safety Council (pp. 10993-5).
9. **COMMODITY EXCHANGES.** The Agriculture Committee voted to report (but did not actually report) H. R. 6435, to extend the Commodity Exchange Act to onions (p. D823).
10. **POTATO SUPPORTS.** The Agriculture Committee ordered reported (but did not actually report) H. R. 3895, to remove the prohibition against price supports on Irish potatoes (p. D823).
11. **CORN QUOTAS.** The Agriculture Committee ordered reported (but did not actually report) H. J. Res. 321, to amend the Agricultural Adjustment Act with respect to the date of the proclamation of corn marketing quotas. The "Daily Digest" states: "Under the present law the Secretary of Agriculture must determine whether or not such quotas are necessary and make his proclamation not later than November 15 of the year prior to that in which quotas are to be invoked. This measure will postpone the 1954 proclamation until February 1, 1954, and is designed to give Congress an opportunity to reexamine the quota law before the Secretary is required to make his determination." (p. D823.)
12. **FOREIGN-AID APPROPRIATION BILL, 1954.** Agreed, 237-156, to the conference report on this bill, H. R. 6391, and acted on amendments in disagreement (pp. 10920-8). For provisions of the report see Digest 144.
13. **CONSERVATION.** Received from the President a message favoring additional conservation and development of land and water resources, etc. (H. Doc. 221)(pp. 90923-9).

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 3, 1953
For actions of July 31 & Aug. 1, 1953
83rd-1st, Nos. 145 and 146

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HIGHLIGHTS: Congressional action was completed on bills to reorganize FCA, provide famine relief, permit refugee immigration, expand crop insurance, study weather control, modify reclamation units, require penalty-mail payments, authorize forest loans, transfer cotton field station, extend fur-farmer loans, extend Mexican farm-labor program. House adopted conference reports on supplemental appropriations, foreign-aid appropriations, trade agreements. House passed bills to increase debt limit and modify corn and cotton quotas. Senate passed farm-tenant interest bill. Congress received President's messages on conservation and social security. Senate received Benson letter asking farm-program recommendations. House committee reported onion-marketing and potato-support bills. Bills were introduced on grazing procedures, soil-water conservation, and surplus disposal.

HOUSE - July 31

- DEBT LIMIT.** Passed, 239-158, without amendment H. R. 6672, increasing the U. S. statutory debt limit from \$275 billion to \$290 billion (pp. 10964-87, 11009).
- FAMINE RELIEF.** Agreed, 143-15, to the conference report on S. 2249, to enable the President, during the period ending Mar. 15, 1954, to furnish to peoples friendly to the U. S. emergency assistance in meeting famine or other urgent relief requirements. The overall limitation of \$100,000,000 remains, but the limit of \$20,000,000 for any one country was eliminated. Language was inserted to make it clear that the authority of CCC to deliver commodities under the bill is limited to the delivery of such commodities aboard vessels in U. S. ports. Therefore, all costs incurred in making delivery of the commodities after they have been placed on board will have to be paid either by the recipient countries or from ISA or other funds, and the \$100,000,000 limit will apply only to CCC investment and costs. Because of this action the conferees eliminated the provision that at least half of the shipments be made on U. S.-flag ships, since ISA already follows this policy. (pp. 10992-3).

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 18. There are hereby authorized to be appropriated such funds as may be necessary to carry out the purposes of this Act.

"REPORTS

"SEC. 19. The Administrator shall report to the President and the Congress on the operation of the program established under this act on or about January 15 and June 15 of each year and shall submit a final report not later than June 15, 1957. Such reports shall include full and complete details regarding the administration of the act and the administration of the funds provided for in section 16 of this Act.

"TERMINATION

"SEC. 20. No immigrant visa shall be issued under this Act after December 31, 1956."

Amend the title so as to read: "An act for the relief of certain refugees, and orphans, and for other purposes."

And the Senate agree to the same.

LOUIS E. GRAHAM,
PATRICK J. HILLINGS,
RUTH THOMPSON,
EMANUEL CELLER,
FRANCIS E. WALTER,

Managers on the Part of the House.

ARTHUR V. WATKINS,
ROBERT C. HENDRICKSON,
EVERETT M. DIRKSEN,
PAT McCARRAN,
HARLEY M. KILGORE,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6481) to authorize the issuance of 217,000 special quota immigrant visas, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The compromise bill would admit into the United States for permanent residence up to a maximum of 214,000 refugees, orphans and certain close relatives of United States citizens and aliens admitted for permanent residence. The program authorized under this legislation is to be administered by existing agencies, to wit: the Bureau of Security and Consular Affairs of the Department of State and the Immigration and Naturalization Service of the Department of Justice.

Except as otherwise expressly provided in this measure, all of the provisions of the Immigration and Nationality Act shall be applicable in the administration of the new law. The conferees wish to state at this point that the new law does not constitute an amendment to the Immigration and Nationality Act. It is considered to be an emergency relief measure designed to implement certain phases of American foreign policy. It is not intended to represent any precedent or commitment on the part of the Congress or the Government of the United States to participate as an immigrant receiving country in any international endeavors aimed at a permanent solution of the problem of surplus populations as it now apparently exists in certain parts of Europe and Asia.

In the opinion of the conferees, the Joint Committee on Immigration and Nationality Policy established pursuant to the Immigration and Nationality Act, shall exercise continuous and diligent watchfulness over the operations undertaken under the new law, and the Congress should be at all times aware of such operations.

While no definition is contained in the act, the conferees wish to state that the term "firm resettlement" as applied to pro-

spective beneficiaries of this legislation is not designed automatically to exclude aliens from the refugee category solely on the ground that they have been collectively, by law or edict, granted full or limited citizenship rights and privileges in any area of their present residence.

The conferees desire further to stress that this legislation constitutes in no way a mandate to issue, within the prescribed period of time, the full number of visas allocated under this legislation. These are, in each case, maximum limitations, not quotas to be filled. It is to be clearly understood that this bill offers opportunities to enter the United States to a certain number of eligible aliens but that no special effort should be made to evade any of the provisions of this act or of the Immigration and Nationality Act in order to bring in such number or any number. Similarly, it is the unanimous consensus of the conferees that no efforts should be made to induce aliens to seek entry to the United States under this bill.

The bill as passed the House provided for the following classes of aliens to be admitted into the United States (definitions have been abbreviated here):

German expellees.....	60,000
Nationals of Italy.....	60,000
Nationals of Greece.....	20,000
Nationals of the Netherlands.....	20,000
Nationals of Japan.....	2,000
Arab refugees.....	2,000
Chinese refugees.....	2,000
Refugees in Germany and Austria.....	25,000
Refugees in NATO countries.....	15,000
Polish ex-soldiers.....	3,000
European refugees in Hong Kong.....	2,000
Nationals of Portugal.....	2,000
Orphans.....	4,000

Total..... 217,000

Adjustments of refugee status: No number specified but within 217,000 limit.

The bill as passed by the Senate contained the following categories (abbreviated definitions):

Escapees and German expellees.....	92,000
Escapees in NATO countries.....	10,000
Chinese refugees.....	2,000
Italian refugees.....	62,000
Greek refugees.....	17,000
Dutch refugees.....	17,000
Adjustment cases in the United States.....	5,000
Orphans.....	4,000

Total..... 209,000

The bill as recommended by the conferees provides for the following groups and allocations:

German expellees.....	55,000
Escapees in Western Germany, Berlin, and Austria.....	35,000
Escapees in NATO countries.....	10,000
Polish ex-soldiers.....	2,000
Italian refugees.....	45,000
Italian relatives.....	15,000
Greek refugees.....	15,000
Greek relatives.....	2,000
Netherlands refugees.....	15,000
Netherlands relatives.....	2,000
Far East refugees (Non-Asian).....	2,000
Far East refugees (Asian).....	3,000
Chinese (passports endorsed by National Government).....	2,000
Arab refugees.....	2,000
Orphans.....	4,000
Adjustments of refugee status.....	5,000

Total..... 214,000

LOUIS E. GRAHAM,
PATRICK J. HILLINGS,
RUTH THOMPSON,
EMANUEL CELLER,
FRANCIS E. WALTER,

Managers on the Part of the House.

Mr. GRAHAM. Mr. Speaker, I call up the conference report on the bill (H. R. 6481) to authorize the issuance of 217,000 special quota visas, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

Mr. JUDD. Mr. Speaker, in general I think this conference report is worthy of support. I have, however, some hesitancy about changes made in my amendments for refugees from Asia. I refer particularly to the restriction placed on the 2000 Chinese refugees, that they must have passports of the Government of the Republic of China, temporarily on Formosa. I appreciate the objective of giving support and authority to that government. I think I can claim to have demonstrated as much concern for its being strengthened as anyone in our country. And I applaud the desire to make sure that no Chinese Reds or other enemies of our Chinese friends and allies should be among those privileged to be admitted to our country.

But I do not believe it is ever wise to give any foreign government anywhere any control or veto over those whom we choose to admit as immigrants. Furthermore, the desire to get one of those passports will be of life and death importance to many desperate people. Vigilance will be needed by those who will be administering the program.

Mr. GRAHAM. Mr. Speaker, the report is unanimous. I have no requests for time. I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and on a division (demanded by Mr. SUTTON) there were—ayes 190, noes 44.

So the conference report was agreed to; and a motion to reconsider was laid on the table.

FARM CREDIT ACT OF 1953

Mr. HOPE. Mr. Speaker, I call up the conference report on the bill (H. R. 4353) to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes; and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 30, 1953.)

Mr. HOPE. Mr. Speaker, I think the differences between the two bills and the final form of the bill are very well described in the conference report. Unless there are questions concerning the matter, Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to, and a motion to reconsider was laid on the table.

FAMINE RELIEF BILL

Mr. HOPE submitted the following conference report and statement on the bill (S. 2249) to enable the President, during the period ending March 15, 1954, to furnish to peoples friendly to the United States emergency assistance in meeting famine or other urgent relief requirements:

CONFERENCE REPORT (H. REPT. No. 1070)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2249) to enable the President, during the period ending March 15, 1954, to furnish to peoples friendly to the United States emergency assistance in meeting famine or other urgent relief requirements, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That, in order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent relief requirements, the Commodity Credit Corporation is authorized and directed to make available to the President out of its stocks such agricultural commodities f. o. b. vessels in United States ports as he may request for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent relief requirements of such nation and (2) to friendly but needy populations without regard to the friendliness of their government providing that such commodities will be so distributed as to relieve actual distress among such populations. Not more than \$100,000,000 (including the Corporation's investment in the commodities) shall be expended for all transfers, including delivery on board vessels, under this section. The President may make such transfer through such agencies, in such manner, and upon such terms and conditions as he deems appropriate.

"SEC. 2. For the purpose of making payment to the Commodity Credit Corporation for commodities disposed of hereunder, there are hereby authorized to be appropriated to the Commodity Credit Corporation, out of any moneys in the Treasury not otherwise appropriated, such sums as are equal to the Corporation's investment in such commodities, including handling costs, plus the cost incurred in making deliveries hereunder.

"SEC. 3. No programs of assistance shall be undertaken under the authority of this Act after March 15, 1954."

And the House agree to the same.

CLIFFORD R. HOPE,
AUGUST H. ANDRESEN,
WILLIAM S. HILL,
HAROLD D. COOLEY,
W. R. POAGE,

Managers on the Part of the House.

GEORGE D. AIKEN,
MILTON R. YOUNG,
EDWARD J. THYE,
ALLEN J. ELLENDER,
CLYDE R. HOEY,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2249) to enable the President, during the period ending March 15, 1954, to furnish to peoples friendly to the United States emergency assistance in meeting famine or other urgent relief requirements, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The amendment of the House struck out all after the enacting clause of the Senate bill and substituted the provisions of the House bill. The committee of conference has agreed to recommend that the Senate recede from its disagreement to the amendment of the House with an amendment which is a substitute for both the Senate bill and the House amendment.

Except for minor and clarifying changes, the difference between the conference substitute and the bill as passed by the House are explained below.

The language in section 1 follows in general the wording of the Senate bill. Clarifying language has been added at two places to carry out the intent of the House bill and to make it clear that the authority of the Commodity Credit Corporation to deliver commodities under the authority of this act is limited to the delivery of such commodities aboard vessels in United States ports.

The language in section 2 of the substitute agreed on by the conferees follows precisely the language of the House amendment. There is also no change in section 3.

The conference, by accepting the language of section 2 of the House amendment, eliminates from the conference substitute the provision in section 2 of the Senate bill similar to the provision of the House bill as reported which was stricken from the bill by a point of order in the House. As a consequence of this action, all costs incurred in making delivery of the commodities after they have been placed on board vessels in United States ports will have to be paid either by the recipient countries or some other agency, or by the President from funds of the Mutual Security Agency or other funds available to him, and the \$100,000,000 limitation will apply only to the investment of the Commodity Credit Corporation in the commodities including costs incurred by it in making delivery on board vessels in United States ports. This procedure is in keeping with the normal operations of the Commodity Credit Corporation and permits the use of transit rates which are in effect on large volumes of commodities.

This action also made it unnecessary to retain in the conference substitute the provision of the House amendment requiring that at least 50 percent of the commodities shipped overseas pursuant to this legislation should be shipped in United States flag vessels. It is the established policy of the Mutual Security Agency to follow this principle in shipment of United States commodities abroad and it is assumed that that policy will continue to be followed in this instance.

The overall limitation of \$100,000,000 on expenditure for commodities transferred under this act remains in the conference substitute, but the limitation in the House amendment that not more than \$20,000,000 could be expended for any one country was eliminated.

CLIFFORD R. HOPE,
AUGUST H. ANDRESEN,
WILLIAM S. HILL,
HAROLD D. COOLEY,
W. R. POAGE,

Managers on the Part of the House.

Mr. HOPE. Mr. Speaker, I call up the conference report on the bill S. 2249, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The Clerk read the statement.

[Mr. TOLLEFSON's remarks will appear hereafter in the Appendix.]

Mr. HOPE. Mr. Speaker, I think the statement of the managers tells very fully and completely the changes which were worked out between the conferees. There were some differences between the two bills, but the statement of the managers, I think, points out the final form of the bill.

Mr. TOLLEFSON. Mr. Speaker, will the gentleman yield?

Mr. HOPE. I yield.

Mr. TOLLEFSON. What did the conferees do with respect to the provision which was contained in the House version of the bill concerning the so-called 50-50 provision, which provided that 50 percent of any cargoes carried on ocean vessels should be carried in American flag vessels?

Mr. HOPE. That provision was in the House bill, but was not in the Senate bill. With respect to that provision, the House receded and, therefore, it is not to be found in the bill in its final form. Under the provisions of the bill, as described in the conference report and by reason of the striking out of certain language in the House bill on a point of order, it is not possible for the Commodity Credit Corporation to pay ocean freight charges. It will be necessary for the Mutual Security Agency or some other Government agency to pay those charges. We state in the report that in view of the fact that the Mutual Security Agency has been following a policy of using at least 50 percent of American

14. SUPPLEMENTAL APPROPRIATION BILL, 1954. Received the conference report on this bill, H. R. 6200 (pp. 11005-7). The conferees fixed the corn acreage allotment item at \$5,000,000 and reported in disagreement the provision continuing drought-relief funds of Public Law 371, 82nd Cong.
 15. WEATHER CONTROL. Passed as reported S. 285, to establish an Advisory Committee on Weather Control to study and evaluate public and private experiments in weather control for the purpose of determining the extent to which the U. S. should experiment with, engage in, or regulate weather control (pp. 10930-2).
 16. RECLAMATION. Passed with amendments H. R. 5731, to authorize the Santa Margarita River project, Calif. (pp. 10940-1).
 17. GRAZING LANDS. Rep. D'Ewart spoke in support of the stockmen's grazing bill and said Rep. Hope was introducing a modified bill on this subject which has the support of various interested parties (p. 10930).
 17. RECLAMATION. Rep. D'Ewart recommended the establishment of various additional reclamation projects (p. 10930).
- SENATE - July 31
18. FOREIGN AID; REORGANIZATION. Sen. Mansfield criticized the President's reorganization plan establishing a Foreign Operations Administration (pp. 10899-901).
 19. DEBT LIMIT. Discussed the President's request for an increase in the debt limit (pp. 10903-8).

SENATE - August 1

20. FCA REORGANIZATION. Agreed to the conference report on H. R. 4353, to reorganize the Farm Credit Administration, etc. (p. 11040). This bill will now be sent to the President.
21. FAMINE RELIEF. Agreed to the conference report on S. 2249, the famine-relief bill (p. 11044). This bill will now be sent to the President.
22. SAFETY. Agreed to the conference report on S. 1105, to incorporate the National Safety Council (p. 11049). This bill will now be sent to the President.
23. IMMIGRATION. Agreed to the conference report on H. R. 6431, to authorize immigration of 214,000 refugees, etc. (pp. 11073-7). This bill will now be sent to the President.
24. CROP INSURANCE. Concurred in the House amendments to S. 1367, to continue the authority for expansion of the crop insurance program to additional counties (p. 11044). This bill will now be sent to the President.
25. RECLAMATION. Concurred in the House amendments to S. 2097, to increase the amount authorized for the Eklutna, Alaska, project (pp. 11048-9). This bill will now be sent to the President.
26. WEATHER CONTROL. Concurred in the House amendments to S. 285, to authorize a study of weather-control activities, etc. (p. 11048). This bill will now be sent to the President.
27. RECLAMATION. Concurred in the House amendments to S. 287, to permit the exchange and amendment of farm units on Federal irrigation projects (pp. 11049, 11083-4). This bill will now be sent to the President.

28. FARM LABOR. Agreed to the conference report on H. R. 3480, to continue the Mexican farm-labor program for two years (p. 11090).
29. FARM LOANS. Passed as reported S. 1276, to increase the interest rate on farm-tenant loans (pp. 11097, 11104-5).
30. NOMINATION OF Harold E. Stassen, to be Director of Foreign Operations Administration, was confirmed (p. 11136).
31. DEBT LIMIT. The Finance Committee voted to defer further action until the next session of Congress on H. R. 6672, to increase the statutory debt limit (p. 11030).
32. SURPLUS PROPERTY. Passed without amendment H. R. 6382, to extend until June 30, 1954, the period during which GSA may conduct negotiated sales of surplus property (p. 11054). This bill will now be sent to the President.
33. PENALTY MAIL. Passed without amendment H. R. 6281, to require executive departments, etc., to reimburse the Post Office Department for penalty mail (pp. 11078-9). This bill will now be sent to the President.
34. FOREST LOANS. Passed without amendment H. R. 5603, to authorize national banking associations to make loans on forest tracts (pp. 11070-2). This bill will now be sent to the President.
35. EDUCATION. Passed with amendments H. R. 6078 and 6079, to assist school districts in federally affected areas, and Senate conferees were appointed (pp. 11054-66).
36. SOCIAL SECURITY. Both Houses received the President's message recommending inclusion of additional groups, including farmers, in the Social Security Act (H. Doc. 225); to Senate Finance Committee and House Ways and Means Committee (pp. 11213, 11134).
37. STATE, JUSTICE, COMMERCE APPROPRIATION BILL, 1954. Sen. McCarthy was appointed as an additional conferee on this bill, H. R. 4974 (p. 11035).
38. SUPPLEMENTAL APPROPRIATION BILL, 1954. Rejected the conference report on this bill, H. R. 6200. Senate conferees were appointed for a further conference. (pp. 11097-104).
39. FARM PROGRAM. Sen. Aiken inserted a letter from Secretary Benson reviewing the studies now under way and stating, "The objective of our study is to have ready for Congress, when it reconvenes, judgments and recommendations that will be helpful in improving farm legislation." (pp. 11036-7).
40. STORAGE FACILITIES. Sen. Murray asked additional USDA action to make available more wheat-storage facilities (pp. 11037-40).
41. TRANSPORTATION. Sen. Griswold inserted a Farm Bureau letter favoring H. R. 3203, the trip-leasing bill (pp. 11049-50).
42. FORESTRY. Passed without amendment H. R. 3956, to provide for conveyance of a tract in the Santa Fe National Forest, N. Mex. (p. 11052). This bill will now be sent to the President.
43. TREATY POWERS. Sen. Bricker spoke in support of his resolution to limit treaty powers and criticized the Knowland substitute (pp. 11090-7).

Statement showing car inventories of the Montana railroads shown

TOTAL CARS (ALL TYPES) AS OF JUNE 1, 1953¹

Carrier	Total owned	Total on line	Percent of owned	Home cars on line	Percent of total on line	Percent of total owned	Foreign cars on line (percent)
Chicago, Burlington & Quincy R. R. Co.	41,483	44,103	107	19,756	45	50	55
Union Pacific Ry. Co.	51,393	63,938	125	32,974	51	64	49
Northern Pacific Ry. Co.	36,519	34,610	94	21,679	63	61	37
Great Northern Ry. Co.	38,274	43,960	114	25,674	60	70	40
Milwaukee Road	55,541	66,294	120	35,885	54	64	46

TOTAL BOXCARS (SUITABLE FOR GRAIN LOADING) AS OF JUNE 1, 1953²

Chicago, Burlington & Quincy RR. Co.	22,426	23,391	105	6,057	26	30	74
Union Pacific Ry. Co.	24,287	24,959	100	11,322	44	46	56
Northern Pacific Ry. Co.	19,513	13,862	70	6,943	50	35	50
Great Northern Ry. Co.	20,975	19,584	90	9,724	50	48	50
Milwaukee Road	27,290	26,254	96	13,968	54	52	46

¹ ICC reports.

² AAR car service division.

³ If 50 percent of this total were allocated to Montana, it would only handle 87 percent of this carrier's country elevator capacity.

FARM CREDIT ACT OF 1953— CONFERENCE REPORT

Mr. SCHOEPEL. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4353) to increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes. I ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The report was read by the legislative clerk.

(For conference report, see House proceedings of July 30, 1953, p. 10829, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. SCHOEPEL. Mr. President, the conference substitute differs in several minor respects from the Senate amendment.

In order to meet a possible constitutional objection raised by the Department of Justice, the conference substitute makes it clear that the Farm Credit Administration is to be an independent agency, and that it is to be in the Department of Agriculture only for house-keeping purposes. This carries out the original intention of the Senate amendment while meeting the objection of the Department of Justice. The Department's objection was based upon the constitutional provision requiring officers to be appointed by the President, the heads of departments, or the courts. The Department of Justice advised that unless the Administration were made an independent agency, the Federal Farm Credit Board would not be the head of a department within the meaning of the Constitution, and the provision of the bill for appointment of the Governor by the Board might be unconstitutional.

The conference substitute fixes the minimum salary of the Governor at \$17,500 instead of \$15,000, as provided by the

Senate amendment. While it is hoped that it may not be necessary to pay the maximum salary, it was felt that the Federal Farm Credit Board should be allowed this additional latitude in order that a Governor competent to carry out the responsibilities imposed upon him by the bill might be obtained.

The provision of the Senate amendment making it clear that personnel of the Farm Credit Administration would be appointed subject to the provisions of the Classification Act as amended was omitted from the conference substitute.

The conference substitute includes the House provision with respect to the ineligibility of salaried officers or employees of the Administration or its supervised corporations to serve as district directors. The House provision was restricted to appointed directors, while the Senate provision was applicable to elected directors as well. The conference substitute, by including the House provision, gives the local associations greater choice in the matter of elected directors. The Senate provision also was applicable to employees of any "corporation or association" supervised by the Administration. The word "corporation" was considered broad enough to include association, and the words "or association" were dropped as surplusage. The conference substitute also makes it clear that this provision is to apply only to directors hereafter appointed. In connection with this matter of directors, it should be noted that terms of some of the directors will expire shortly after the act becomes effective. It is of course intended that action which must be taken before the act becomes effective preliminary to the election and qualification of successors shall be taken in accordance with the provisions of the act.

Mr. President, I move the adoption of the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House further insisted upon its disagreement to

the amendment of the Senate numbered 34 to the bill (H. R. 4974) making appropriations for the Departments of State, Justice, and Commerce, for the fiscal year ending June 30, 1954, and for other purposes; agreed to the further conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CLEVINGER, Mr. COUDERT, Mr. Bow, Mr. COON, Mr. TABER, Mr. ROONEY, Mr. PRESTON, Mr. SIKES, and Mr. CANNON, were appointed managers on the part of the House at the further conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6200) making supplemental appropriations for the fiscal year ending June 30, 1954, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 6, 11, 12, 14, 17, 22, 23, 24, 32, 38, 42, 45, 46, 50, 52, 53, 55, 56, 57, 69, 71, and 80 to the bill, and concurred therein, and that the House receded from its disagreement to the amendments of the Senate numbered 8, 34, 40, 41, 43, 48, 49, 62, 63, 74, 104, 105, 106, 107, and 108, and concurred therein severally with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1397. An act relating to mining claims located on land with respect to which a permit or lease has been issued, or an application or offer for permit or lease has been made, under the mineral leasing laws, or known to be valuable for minerals subject to disposition under the mineral leasing laws, and for other purposes;

S. 2383. An act granting the consent of Congress to a compact between the State of New Jersey and the State of New York known as the Waterfront Commission Compact, and for other purposes;

S. 2491. An act to authorize certain construction at military and naval installations, and for the Alaska communication system, and for other purposes;

H. R. 1754. An act for the relief of Dr. Manousos A. Petrohelos;

H. R. 2458. An act to authorize the transfer of certain land located at Cherry Point, N. C., and for other purposes;

H. R. 3396. An act for the relief of Dr. Hamdi Akar;

H. R. 5728. An act to authorize the disposal of the Government-owned rubber-producing facilities, and for other purposes; and

H. R. 6185. An act to amend the Veterans' Preference Act of 1944 with respect to preference accorded in Federal employment to disabled veterans, and for other purposes.

RECORD OF SENATE FOREIGN RELATIONS COMMITTEE, 83D CONGRESS, 1ST SESSION—STATE- MENT BY SENATOR WILEY

Mr. WILEY. Mr. President, I ask unanimous consent that there be printed in the RECORD a statement I have prepared reviewing the record of the Senate

(subterminal elevators in the growing area), the impacts on the present principal markets would be reduced and other complementary issues resulting from orderly marketing would be enjoyed by other participants of such terminals. One of the benefits of course would be the holding back of grains at these points which would permit the markets to conduct the first marketing processes for the small grains and wheat of other grades and when such terminal operations would be performed the needed space to shift the inferior grains to their next destination would be more evident. Another important factor to the merchandiser of such grains through such holdback elevators would be the ability to select either the eastern or western market, whichever was the most favorable at the time. We of course likewise would predict a substantial reduction in the grain boxcar supply required to shift grains from the country elevator to the terminals in the growing area instead of the more distant point.

PRESENT RETAIL BOX INVENTORY—CAR DELIVERY EXPERIENCES

So that we may have a complete picture of the demand for rail cars for the past 14 months, we are showing the actual car-loading by quarters as well as other figures of value (Montana loadings):

April, May, June, 1952: 13,223 cars, or 146 cars per day, or 30 percent of 12 months.

July, August, September, 1952: 17,515 cars, or 194 cars per day, or 39 percent of 12 months.

October, November, December, 1952: 7,220 cars, or 80 cars per day, or 16 percent of 12 months.

January, February, March, 1953: 6,549 cars, or 73 cars per day, or 15 percent of 12 months.

April, May, 1953: 5,591 cars.

Total, 50,198 cars, or approximately 75,297,000 bushels.

It is to be noted that the heavy demand for cars was in the harvest months of July, August, and September, wherein 39 percent of the total loadings for 12 months occurred in that period. (The elevator operators definitely report that there will be the usual demand for suitable cars when the harvest gets into swing.)

Because the Montana harvest is a bit later than its neighboring States, North Dakota and South Dakota, and because its harvest starts after the finishing touches of the Southwest's crops are being applied, the shifting of the grain box in that area to this district is never accomplished because of some cars being reserved in other grain belt States. More so because of the long distance such cars must be dispatched for loading and the long distance to the first terminal market unloading, the car problem as such, has a different color. The carriers have never provided a specific car bank to protect Montana's crops.

To determine the ability to supply cars for Montana and other areas in the Northwest, we must take special notice of the car inventory as it existed on May 31, 1953, compared to the same period in 1952. These are the American Association of Railroads' own figures. (This covers boxcars only.)

New installed, 45 percent less, 18,346 versus 33,834.

Retired, 21 percent more, 22,416 versus 18,497.

New on order, 74 percent less, 14,717 versus 25,770.

Ownership, 4,070 less cars, 730,831 versus 734,901.

Awaiting repairs, 37,528 versus 38,693 (some improvement).

It is unfortunate that the rail lines have not maintained the car program that was assured not only to the public but to the Defense Administration. Present commercial demand for equipment has created a running shortage of boxcars and with the impact of bumper crops, there is nothing that can be done that would reduce this demand or actual shortage. Uniform car distribution will help, but will not answer the demand.

One of the outstanding and one that has been common in the past years as to Montana grain car supply, is, that when the administration has arranged with the non-grain-producing lines (principally eastern carriers) to deliver a definite number of "O. K. grain" boxcars to the western lines too many of such cars do not pass inspection as grain box. In addition to the lack of quality of such cars, there is always the tendency for the intermediate States, such as Minnesota and the two Dakotas to have preference in the selection of quantity and quality and Montana receives the remaining cars. It is also known that such cars, although earmarked for Montana are transported to the Far West for car commitments made to that territory. In many instances the only opportunity to use such cars when arriving at the elevator for loading was to expend considerable materials and labor in conditioning the cars to make them semi-suitable for grain loading. This is a grave situation. Not only must Montana have a reasonable supply of cars but also a far better quality of cars to eliminate claims and, of course, remove the repair factors at the country or mill terminal elevators. At the peak of the harvest the grain buyers do not want to devote their operations to repairing of cars for the rail lines and have no means of recovering this heavy expense. The rail carriers have denied reimbursement to the shipper.

The attached appendix shows the car position of the various Montana lines on June 1, 1953. What improvements have been made since the date shown (June 1) are not known as such figures are not available. However, we do know that the amount of business which is being presently transported by these carriers leaves no great room for improvement in the boxcar inventory. The eastern railroads certainly will not supply cars for grain loading until the usual seasonal pressure is brought to bear and administrative orders from the American Association of Railroads or the Interstate Commerce Commission have been released and put into action.

One comment we wish to make is that all of the boxcars owned by the grain lines shown are built to handle grain while the foreign cars, primarily eastern lines, are not. The exhibit does show that only 1 carrier exceeds 50 percent of their actual owned grain box now on their lines. The other carriers have a much greater foreign car inventory than their own cars. The greater the number of foreign box on the line for grain loading the greater the tendency to have a poorer quality of car which, of course, follows that claims and other losses will be evident. It is only good management to bring up the total cars on the line to a substantial excess of the 100 percent factor due to the normal business demand which requires the present supply of boxcars and with the added demand by the grain shipper any improvement in the cars on the line will contribute a substantial amount of relief. (It will be more difficult to secure the usual proportion of grain cars due to the commercial demand for such cars.

As we have stated in the earlier paragraphs, we are not able to speculate how

fast the grain will move to the country elevator and how quickly the need for embargoes will be evident due to the large terminal markets being plugged and which immediately is saddled onto the country area. Because of the varying conditions during this harvest, the preliminary or early harvest problems may be identical with other periods or may be entirely different. Yet we cannot modify the need for proper and ample cars as there certainly will be such a need. Because the Great Northern Railway Co. has the greater number of elevators not only in Montana but in North Dakota, naturally this carrier must secure the maximum of foreign car relief to maintain some semblance of order in transporting grains from the country elevator to the next step of marketing process.

SUMMARY

There are many problems which will confront the grain grower in the harvesting of the Montana crop. Such as—

Spreads between cash price and loan ceiling.

Lack of sufficient space to house Federal-owned grains, 1952 crop.

Lack of space to house 1953 crop.

Anticipated primary markets being plugged.

Lack of proper supply of O. K.'d grain boxcars.

These and other issues will create a condition which has not hitherto been experienced in the past years. The effects cannot be estimated in monetary losses.

Again we believe that the Federal agency should provide some means in Montana whereby a greater portion of the crop can be retained in the area which would normally hold back the grains from the large terminals enabling them to process the nearby grain and corn crops. Subterminal storage is the only answer. Small country elevators cannot be converted into terminal storage and these units must be the key to moving the grains from the farms to the first permanent or semipermanent resting place.

It is evident from the car statistics that there shall be a definite shortage, even with the peculiar conditions existing, and the administrative agencies should assure the Montana shipper some reasonable supply of well-conditioned cars to handle the first portion of the crop and the balance of it as it finds warehouse space to continue to and through the channels of trade.

All orders released this year must be mandatory and any agreements reached as to car deliveries from eastern or southern lines should be fully carried out. Definite distribution methods should be fixed so that cars leaving eastern terminals of the Montana Lines, earmarked for Montana, are not dissipated before they reach the shipping area.

This association has endeavored to show what some of the complications are which will confront the Montana grain crop and the need for certain specific relief.

Respectfully submitted.

MONTANA CITIZENS FREIGHT

RATE ASSOCIATION,

H. C. COOLEY, President.

C. M. WALL, Vice President.

J. LOVELACE, Vice President.

J. JEWELL, Secretary.

J. G. IHNET, Transportation Expert.

NOTE.—All statistical data obtained from authoritative sources.

Public Law 202 - 83d Congress
Chapter 335 - 1st Session
H. R. 4353

AN ACT

All 67 Stat. 390.

To increase farmer participation in ownership and control of the Federal Farm Credit System; to create a Federal Farm Credit Board; to abolish certain offices; to impose a franchise tax upon certain farm credit institutions; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Farm Credit
Act of 1953.

TITLE

SECTION 1. This Act may be cited as the "Farm Credit Act of 1953".

DECLARATION OF POLICY

SEC. 2. It is declared to be the policy of the Congress to encourage and facilitate increased borrower participation in the management, control, and ultimate ownership of the permanent system of agricultural credit made available through institutions operating under the supervision of the Farm Credit Administration, and the provisions of this Act shall be construed in keeping with this policy. The Federal Farm Credit Board hereinafter provided for shall within one year after appointment make recommendations to the Congress of means, supplemental to those provided by this Act, of carrying into effect such declared policy, including, but not limited to, means of increasing borrower participation in ownership of the Federal Farm Credit System to the end that the investment of the United States in the Federal intermediate credit banks, production credit corporations, Central Bank for Cooperatives, and regional banks for cooperatives may be retired.

FARM CREDIT ADMINISTRATION

SEC. 3. The Farm Credit Administration shall be an independent agency in the executive branch of the Government. It shall be housed in the Department of Agriculture in the District of Columbia, and it may, with the consent of the Secretary of Agriculture, utilize the services and facilities of the Department of Agriculture. The Federal Farm Credit Board, hereinafter provided for, shall have direction, supervision, and control of the Farm Credit Administration and of its operations and functions, as in this Act provided.

FEDERAL FARM CREDIT BOARD

SEC. 4. (a) There shall be established, in the Farm Credit Administration, a Federal Farm Credit Board (hereinafter referred to as the "Board"). Said Board shall consist of thirteen members. Twelve of the members, one from each of the farm credit districts of the United States, shall be known as appointed members and shall be appointed by the President with the advice and consent of the Senate. In making appointments to the Board the President shall have due regard to a fair representation of the public interest, the welfare of all farmers and the various types of cooperative agricultural credit interests; shall give special consideration to persons who are experienced in cooperative agricultural credit; and shall, before making such appointments, receive and consider nominations made as follows: The national farm loan associations in the district shall designate one nominee, the production credit associations in the district shall designate one nominee, and the cooperatives which are stockholders or subscribers to the guaranty fund of the bank for cooperatives of the

All 67 Stat. 391.

50 Stat. 705.
12 USC 640e,
640f.

district shall designate one nominee, in accordance with the procedure prescribed in sections 5 (e) and 5 (f) of the Farm Credit Act of 1937 for the nomination and election of members of a district farm credit board, except that only the two persons receiving the highest number of votes shall be included in the list of nominees prepared as a result of the voting under the procedure prescribed in said section 5 (e): *Provided*, That the names of all those who are tied for second place as a result of said voting shall be included in the list; and in case of a tie in the voting under the procedure prescribed in said section 5 (f) the procedure prescribed therein shall be followed again until the tie is broken: *And provided further*, That if the same person would otherwise be on the list of nominees of more than one of said groups as a result of the voting under said section 5 (e) he may choose the one list on which his name shall appear, and otherwise his name shall appear only on the list of the two highest nominees of the group which gave him the highest percentage of its votes. Subsequent appointments shall be made after receiving and considering nominations made in like manner.

Board mem-
bers.
Eligibility,
terms, etc.

(b) Each appointed member of said Board shall be a citizen of the United States and shall have been a resident of the farm credit district from which appointed for not less than ten years next preceding his appointment, and the removal of residence from the district during his tenure shall operate as a termination of his membership on said Board. No appointed member of said Board shall be eligible to serve for more than one full term of six years, and, in addition, a term of less than six years if he is one of the first members to be appointed, or is appointed to fill, the unexpired portion of one term expiring before his appointment to a full term. No person shall be eligible for nomination or appointment to membership as an appointed member on said Board if such person has within one year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operating under the supervision of the Farm Credit Administration. Any person who is a member of the district farm credit board when appointed as a member of the Federal Farm Credit Board shall resign as a member of the district board before assuming his duties as a member of the Federal Farm Credit Board. No person who becomes an appointed member of said Board shall be eligible to continue to serve as a member thereof if such person becomes a member of any district farm credit board, or an officer or employee of the Farm Credit Administration, or an officer or employee of any corporation operating under the supervision of the Farm Credit Administration.

(c) The term of office of the appointed members of said Board shall be six years, beginning with the first day of the calendar month in which this Act takes effect, and such members shall serve until their successors are duly appointed and qualified: however, of the first appointed members appointed hereunder, two shall be appointed for a term of one year from said date, two for a term of two years, two for a term of three years, two for a term of four years, two for a term of five years, and two for a term of six years. All vacancies in the offices of appointed members on said Board shall be filled for the unexpired portion of the term upon like nominations and by like appointments as herein provided for the appointment of the first such members of said Board.

(d) The thirteenth member of the Board shall be designated by the Secretary of Agriculture, shall serve at the pleasure of the Secretary, and shall be known as the Secretary's Representative on said Board. He shall be a citizen of the United States and shall have been a resident of the United States for not less than ten years next preceding his designation to membership on said Board. No person shall be eligible

to be designated by the Secretary or to serve as the Secretary's Representative on said Board, if such person is a member of a district farm credit board, an officer or employee of any corporation operating under the supervision of the Farm Credit Administration. The Secretary's representative shall not be eligible to serve as Chairman, Vice Chairman, or Secretary of the Board, but shall otherwise possess all rights and privileges of membership on said Board.

(e) As soon as practicable after the memberships on said Board have been filled as in this Act provided, the members of said Board shall meet, subscribe the oath of office, and organize by electing from the appointed members a Chairman and a Vice Chairman; and said Board shall appoint a secretary from within or without its membership as it may see fit. The Board shall elect annually for a term of one year the Chairman, Vice Chairman, and Secretary, who shall serve until their successors are elected and take office. The Chairman shall preside at all meetings and the Vice Chairman shall preside in the absence or disability of the Chairman. The Board may, in the absence of both the Chairman and Vice Chairman, elect any appointed member to act as Chairman pro tempore. Seven members shall constitute a quorum of the Board for the transaction of business. The Board may function notwithstanding vacancies provided a quorum as herein established shall be present. The Board shall meet at such times and places as it may fix and determine, but shall hold at least four regularly scheduled meetings a year; and special meetings may be held on call of the Chairman or any three members of the Board.

(f) Each member of the Board shall receive the sum of \$50 for each day or part thereof spent in the performance of his official duties, which compensation, however, shall not be paid for more than seventy-five days (or parts of days) in any calendar year; and shall not be paid to the Secretary's representative if he is a full-time officer or employee of the United States, or such payment is otherwise prohibited by law; and in addition, shall be reimbursed for necessary travel, subsistence, and other expenses incurred in the discharge of his official duties, without regard to other laws with respect to allowances which may be made on account of travel and subsistence expenses of officers and employed personnel of the United States. Compensation of Board members.

(g) The Board shall adopt such rules as it may see fit for the transaction of its business, and shall keep permanent and complete records and minutes of its acts and proceedings.

GOVERNOR OF FARM CREDIT ADMINISTRATION

SEC. 5. (a) The Board shall appoint a Governor of the Farm Credit Administration (hereinafter referred to as the "Governor") who shall serve at the pleasure of the Board, and who shall, subject to the general supervision and direction of the Board as to matters of a broad and general supervisory, advisory, or policy nature, and except as otherwise herein specifically provided, be responsible for the execution of this Act, all Acts amendatory thereof and supplemental thereto, and all Acts creating the powers, functions, and duties of the Farm Credit Administration: *Provided, however,* That pending retirement of Government capital in institutions supervised by the Farm Credit Administration, the appointment of the Governor shall be subject to the approval of the President; and during such period the President shall have power to require the removal of the Governor.

(b) The Board shall fix the compensation of the Governor: *Provided,* That the salary of the Governor shall not exceed \$17,500 a year, together with necessary traveling and subsistence expenses, or per diem allowance in lieu thereof within the limitations prescribed by law, while away from his official station upon official business. Pro-Salary.

(c) It shall be the duty of the Governor to comply with all orders and directions which he receives from the Board; as to all third persons, all acts of the Governor shall be conclusively presumed to be in compliance with the orders and directions of the Board.

Personnel.

(d) The Governor shall appoint such other personnel as may be necessary to carry out the functions, powers, and duties vested in the Farm Credit Administration. The Farm Credit Administration shall consist of the Board, the Governor, and such other personnel as are employed in carrying out the functions, powers, and duties vested in the Farm Credit Administration. All functions, powers, and duties of the Farm Credit Administration, except those herein conferred upon the Board, shall be exercised and performed by the Governor and may be exercised and performed by him through such officers and employees of the Farm Credit Administration as he shall designate.

(e) The term of office of the incumbent of the office of Governor of the Farm Credit Administration appointed before the effective date of this Act and holding office on that date shall terminate on that date and said office shall thereby become vacant: *Provided*, That if as of that date a Governor has not been appointed, and qualified, under this Act, the Secretary of Agriculture shall designate an assistant to the Secretary to serve as Acting Governor of the Farm Credit Administration and such Acting Governor shall exercise and perform all functions, powers, and duties vested in the Farm Credit Administration until the appointment and qualification of a Governor as in this Act provided. The Acting Governor shall be subject to the powers of the Board when the Board has been appointed and qualified.

RESPONSIBILITIES OF THE BOARD

SEC. 6. It shall be the function and duty of the Board (1) to see that the policies fixed by the Board hereunder are carried out; (2) to require such reports as it deems necessary from the Governor and from any of the officials or corporations under the control or supervision of the Farm Credit Administration; (3) to make an annual report to Congress, including therein any recommendations of amendments to the laws relative to Federal agricultural credit; and (4) to exercise general direction and supervision over the performance of all functions, powers, and duties vested in the Governor when relating in the judgment of the Board to matters of a broad and general supervisory, advisory, or policy nature. It shall function as a unit without delegating authority to individual members and shall not operate in an administrative capacity; and all administrative powers, functions, and duties of the Farm Credit Administration shall be exercised and performed by the Governor.

Report.

OFFICES ABOLISHED AND FUNDS TRANSFERRED

SEC. 7. (a) The offices of the Land Bank Commissioner, Production Credit Commissioner, Cooperative Bank Commissioner, and Intermediate Credit Commissioner are hereby abolished. The Governor shall designate an officer or employee of the Farm Credit Administration to serve at the pleasure of the Governor as a member of the board of directors of the Central Bank for Cooperatives, as chairman of said board of directors, and as executive officer of said bank, in lieu of the Cooperative Bank Commissioner. The Governor shall designate an officer or employee of the Farm Credit Administration to serve at the pleasure of the Governor as a member of the board of directors of the Federal Farm Mortgage Corporation, in lieu of the Land Bank Commissioner. The Federal Farm Mortgage Corporation and its functions and activities are hereby transferred to the Farm Credit

Central Bank
for Cooperatives.

Federal Farm
Mortgage
Corp.

Administration and shall be administered therein under the general direction and supervision thereof.

(b) Employees in the Department of Agriculture who are being utilized on the effective date of this Act primarily for the performance of functions, powers, and duties heretofore or by this Act vested in the Farm Credit Administration, shall be transferred to the jurisdiction and control of the Farm Credit Administration in those instances in which the Governor determines that they are qualified and necessary to carry out the functions, powers, and duties of the Farm Credit Administration.

(c) All assets, funds, contracts, property, and records used and employed in the execution of the functions, powers, and duties heretofore or by this Act vested in the Farm Credit Administration are hereby transferred to the jurisdiction and control of the Farm Credit Administration.

(d) So much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and all other administrative expenditures as the Director of the Bureau of the Budget shall determine for use in the execution of the functions heretofore or by this Act vested in the Farm Credit Administration, shall be transferred to and vested in the Farm Credit Administration.

(e) All unexpended balances of appropriations, allocations, or other funds, other than those mentioned in subsection (d) of this section, available (including those available for the fiscal year ending June 30, 1953) for the Farm Credit Administration and/or for the Secretary of Agriculture on account of the functions and activities of Farm Credit Administration, shall be transferred to the Farm Credit Administration and shall remain available for the exercise of the functions and activities of the Farm Credit Administration.

DELEGATIONS TO DISTRICT INSTITUTIONS

SEC. 8. The Farm Credit Administration is authorized and directed, by order or rules and regulations, to delegate to a Federal land bank such of the duties, powers, and authority of the Farm Credit Administration with respect to and over National Farm Loan Associations, their officers and employees, in the farm credit district wherein such Federal land bank is located, as may be determined to be in the interest of effective administration; and, in like manner, to delegate to a production credit corporation such of the duties, powers, and authority of the Farm Credit Administration with respect to and over production credit associations, their officers and employees, in the farm credit district wherein such production credit corporation is located, as may be determined to be in the interest of effective administration; and, in either case the duties, powers, and authority so delegated shall be performed and exercised under such conditions and requirements and upon such terms as the Farm Credit Administration may specify. Any Federal land bank or production credit corporation to which any such duties, powers, or authority may be delegated is hereby authorized and empowered to accept, perform, and exercise such duties, powers, and authority as may be so delegated to it.

DIVISION OF COOPERATIVE MARKETING TRANSFERRED

SEC. 9. There is hereby transferred from the Farm Credit Administration to the jurisdiction and control of the Secretary of Agriculture the Division of Cooperative Marketing (by whatever name now called) authorized and created under and by virtue of an Act of Congress of July 2, 1926 (Public, Numbered 450, Sixty-ninth Con-

All 67 Stat. 395.

gress), entitled "An Act to create a Division of Cooperative Marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to cooperation; to promote the knowledge of cooperative principles and practices; to provide for calling advisers to counsel with the Secretary of Agriculture on cooperative activities; to authorize cooperative associations to acquire, interpret, and disseminate crop and market information, and for other purposes", together with all functions pertaining to the work and services of such Division, its personnel, property (including office equipment), assets, funds, contracts, and records used and employed in the execution of its functions, powers, and duties, and so much of the unexpended balances of appropriations, allocations, and other funds available or to be made available for salaries, expenses, and all other administrative expenditures as the Director of the Bureau of the Budget shall determine, for use in the execution of the functions, powers, and duties of said Division.

FRANCHISE TAX PROVISIONS

39 Stat. 379.
12 USC 901,
902.

SEC. 10. Section 23 of the Federal Farm Loan Act, as amended, is further amended by adding at the end thereof a new paragraph as follows:

"Notwithstanding any other provision of this Act, in the case of a Federal land bank having outstanding capital stock held by the United States during the whole or any part of a fiscal year, said bank shall, after complying with the reserve requirements of the preceding paragraphs of this section and before declaring any dividends to shareholders, pay to the United States a franchise tax equal to 25 per centum of its net earnings then remaining, not to exceed, however, a rate of return of such Government capital calculated at a rate equal to the computed average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of the Treasury."

48 Stat. 259.
12 USC 1131o.

SEC. 11. Section 6 of the Farm Credit Act of 1933 is amended by adding at the end thereof a new paragraph as follows:

"(e) Each production credit corporation shall, at the end of each fiscal year (1) apply its earnings described in subsection (c) of this section in accordance with the provisions of subsections (c) and (d) of this section; and (2) apply its earnings from all other sources, first, to the payment of any operating expenses for the year remaining unpaid; second, to restore losses and impairment of capital, if any, of the corporation; third, to the creation and maintenance of a surplus equal to 25 per centum of the paid-in capital of the corporation; fourth, to the payment of 25 per centum of its earnings from all sources then remaining to the United States as a franchise tax, and fifth, to the payment of the remaining earnings into its surplus account."

48 Stat. 263.
12 USC 1134i.

SEC. 12. Section 36 of the Farm Credit Act of 1933 is amended to read as follows:

"The Central Bank for Cooperatives shall, at the end of its fiscal year, apply the amount of its earnings in excess of operating expenses during such fiscal year: First, to making up any losses incurred; second, to the restoration of the amount of the impairment, if any, of capital and guaranty fund as determined by the chairman of the board; third, 25 per centum of the remainder of such excess of earnings shall be applied to the creation and maintenance of a surplus equal to at least 25 per centum of the amount of the capital and guaranty fund; fourth, if said bank shall have outstanding capital stock held by the United States during the whole or any part of the

fiscal year, it shall next pay to the United States as a franchise tax, a sum equal to 25 per centum of its net earnings then remaining, not exceeding, however, a rate of return on such Government capital calculated at a rate equal to the computed average annual rate of interest on all public issues of public debt obligations of the United States issued during the fiscal year ending next before such tax is due, as certified to the Farm Credit Administration by the Secretary of Treasury; and fifth, any sums remaining shall be carried into its surplus account or devoted to the payment of dividends, as may be determined by the chairman of the board. Subscribers to the guaranty fund shall be entitled to dividends in the same amounts as the subscribers to the stock. No rate of dividend in excess of 7 per centum per annum shall be paid. Dividends on stock held by the Farm Credit Administration or the Governor thereof, when paid, shall be credited to the revolving fund created under section 6 of the Agricultural Marketing Act, as amended."

SEC. 13. Section 42 of the Farm Credit Act of 1933 is amended to read as follows:

"The provisions of section 35, as amended, and the provisions of section 36, as amended, shall apply in the case of Banks for Cooperatives in the same manner and to the same extent as such provisions are applicable to the Central Bank for Cooperatives, except that powers conferred on the Chairman of the Board of the Central Bank for Cooperatives shall be exercised by the Boards of Directors of the Banks for Cooperatives, subject to the approval of the Farm Credit Administration."

46 Stat. 14.
12 USC 1141d.
48 Stat. 264.
12 USC 1134d.

12 USC 1134k,
1134l.

MEMBERSHIP OF DISTRICT FARM CREDIT BOARDS

SEC. 14. Section 5 (b) of the Farm Credit Act of 1937 is amended to read as follows:

"(b) There shall be in each farm credit district a farm credit board which shall be selected as hereinafter specified and shall be composed of seven members. Each farm credit board shall include in its title the name of the city in which the Federal land bank, Federal intermediate credit bank, production credit corporation, and regional bank for cooperatives of the district are located. Three of the seven members of said board shall be known as elected directors, of whom one shall be chosen by national farm loan associations, one shall be chosen by production credit associations of the district, and one shall be chosen by cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives in the district. Subject to the other provisions hereof, three of the seven members shall be known as district directors and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. The seventh member of such board shall be known as director-at-large and shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board. No person shall be eligible hereafter for nomination or appointment to membership as an appointed member on said Board if such person has within one year next preceding the commencement of the term been a salaried officer or employee of the Farm Credit Administration, or a salaried officer or employee of any corporation operating under the supervision of the Farm Credit Administration. Each farm credit board shall elect from its members a chairman and vice chairman, and shall appoint a secretary from within or without its membership as it may see fit. The chairman, vice chairman, and secretary shall each be elected for a term of one year and until their successors are elected and take office and the board shall elect such officers each

50 Stat. 704.
12 USC 640b.

year. The chairman shall preside at all meetings and the vice chairman shall preside in the absence or disability of the chairman. The board may, in the absence of both the chairman and vice chairman, elect a member to act as chairman pro tempore."

12 USC 640d.

SEC. 15. Section 5 of the Farm Credit Act of 1937 is amended by striking out the entire text of subdivision (d) thereof and inserting in lieu thereof the following:

"(d) (1) The member of the farm credit board of each farm credit district known as the 'third district director', who is in office on the effective date of the Farm Credit Act of 1953, shall serve as such until his term of office expires. Thereafter, there shall be no member of the district farm credit board to be known as the 'third district director'.

"(2) Notwithstanding the above provision with respect to the appointment of district directors, one additional member of said board shall be elected by each of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district), and serve in lieu of a district director, under the following circumstances and conditions:

"(A) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by national farm loan associations, surplus, and reserves of a Federal land bank shall equal or exceed $66\frac{2}{3}$ per centum of the total of the capital stock, surplus, and reserves of such bank as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the national farm loan associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *And provided further*, That such national farm loan associations shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

"(B) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock held by persons other than the production credit corporation of the district, surplus, and reserves of the production credit associations (collectively) of a farm credit district shall equal or exceed $66\frac{2}{3}$ per centum of the total of the capital stock, surplus, and reserves of the production credit associations (collectively) of said district as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the production credit associations of the district in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That, if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of

any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *And provided further*, That such production credit associations shall again and from time to time elect one additional director as aforesaid, if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid.

“(C) Whenever, as determined by the Farm Credit Administration, the sum of the capital stock and subscriptions to the guaranty fund held by cooperatives which are stockholders or subscribers to the guaranty fund of a regional bank for cooperatives, surplus and reserves of said bank shall equal or exceed 66 $\frac{2}{3}$ per centum of the total capital stock, subscriptions to the guaranty fund, surplus and reserves of said bank as of the date three months before the expiration of the term of office of the district director (or third district director) whose term next expires, the successor to such director shall be elected by the cooperatives which are stockholders or subscribers to the guaranty fund of said bank in the manner herein provided, shall be known as an elected director, and successors to that office shall be so elected and known from term to term while such conditions obtain: *Provided*, That if and when, as determined by the Farm Credit Administration, such conditions do not obtain as of the date three months before the expiration of the term of office of any director so elected under the provisions of this subparagraph, the successor to such director shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, shall be known as a district director, and successors to that office shall be so appointed and known from term to term for such terms as appointment is not precluded by the election of an additional director by one of the groups aforesaid as herein provided: *Provided further*, That such cooperatives which are stockholders or subscribers to the guaranty fund of said bank shall again and from time to time elect one additional director as aforesaid if and when the required conditions named in this subparagraph shall be determined to obtain as aforesaid: *Provided further*, That at no time and under no conditions shall there be in office less than one or more than two members of said board who are serving by election of any one of the groups aforesaid (national farm loan associations and borrowers through agencies, production credit associations, and cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives of the district): *And provided further*, That if two or more of said groups shall, under the terms and provisions hereof, become qualified to elect an additional director pending the expiration of the term of office of the district director (or third district director) whose term next expires, preference shall be given, first to national farm loan associations and borrowers through agencies, next to production credit associations, and next to cooperatives which are stockholders or subscribers to the guaranty fund of the regional bank for cooperatives, to elect an additional director as herein provided as the terms of office of district directors, including the third district director if he be still in office, expire.

“(3) In any district which includes more than one State no person shall be eligible to be elected by any group if he is a resident of the same State as the other member elected by such group and then serving. If two directors are to be elected at the same election in any

All 67 Stat. 399.

Ante, p. 396.

Ante, p. 397.

such district by any group, the election of the director to be elected by such group under section 5 (b) shall be first determined, and the person receiving the most votes for election under section 5 (d) (2) who is not a resident of the same State as the director elected under section 5 (b) shall be declared elected."

SEC. 16. (a) Any other provisions of law to the contrary notwithstanding after the effective date of this Act any production credit association may, with the approval of the President of the Production Credit Corporation and of the Farm Credit Administration, issue non-voting preferred stock, to be known as class C stock, which may be purchased and held by production credit corporations and by investors: *Provided*, That the issuance of such stock shall be authorized by vote of not less than two-thirds of the outstanding shares of class A stock of the association (other than shares held by the Production Credit Corporation) by the holders thereof in person or by proxy and by vote of not less than two-thirds of the outstanding shares of class B stock of the association by the holders thereof in person or by proxy; and for this purpose holders of class A stock (other than the Production Credit Corporation) and holders of class B stock shall be entitled to one vote for each share of stock held by them.

(b) Such class C stock of such associations shall be divided into shares of \$5 each. The resolution of the stockholders authorizing the issuance of class C stock and every certificate of class C stock issued shall state and express the privileges, restrictions, limitations, and qualifications affecting said stock, and the total amount of the authorized issue to which it belongs.

(c) Such class C stock may (1) be made subject to redemption in such manner, at such time or times, and at such price or prices; (2) be given such preferences as to net assets upon dissolution of the corporation, whether voluntary or involuntary; (3) be given the right to receive such cumulative or noncumulative dividends payable quarterly, semiannually, or annually, and payable as a whole or in part before any dividend shall be set apart for or paid on class A and class B stock; and (4) be made subject to such other restrictions, limitations, and qualifications; as shall be stated and expressed in the resolution of the stockholders authorizing the issuance thereof and in the face of the stock certificates.

APPROPRIATIONS AND EXPENDITURES

SEC. 17. (a) There are authorized to be appropriated such sums as may be necessary or appropriate for administering the provision of this Act: *Provided*, That the cost of examination and of administrative supervision of the Farm Credit Administration shall continue to be supported by assessments against institutions supervised by the Farm Credit Administration as provided in the Department of Agriculture Organic Act of 1944.

58 Stat. 740.

12 USC 832.

(b) Farm Credit Administration may, within the limits of funds available therefor, and subject to provisions of law generally applicable to Government agencies, make necessary expenditures for personnel services and rent at the seat of government and elsewhere; contract stenographic reporting services; purchase and exchange of lawbooks, books of reference, periodicals, newspapers, expenses of attendance at meetings and conferences; purchase, operation, and maintenance, at the seat of government and elsewhere, of motor-propelled passenger-carrying vehicles and other vehicles; printing and binding; and for such other facilities and services as it may from time to time find necessary for the proper administration of this Act.

Effective
date.

SEC. 18. This Act shall take effect one hundred and twenty days

after the date of its enactment: *Provided, however,* That immediately following the enactment of this Act the Farm Credit Administration shall proceed with the designation of nominees as provided in section 4 (a) hereof and the members of the Federal Farm Credit Board shall be appointed or designated sufficiently in advance of the effective date of this Act to enable said Board to prepare to enter upon the discharge of its duties upon the effective date of this Act; and after the effective date of this Act, the compensation and expenses of the Board members shall be paid, as provided herein, from the date on which their appointments became effective, out of any funds available for the payment of administrative expenses of the Farm Credit Administration. Ante, p. 390.

SEC. 19. All Acts or parts of Acts inconsistent with the provisions of this Act are hereby repealed to the extent of such inconsistency.

SEC. 20. (a) If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provisions to other persons or circumstances, shall not be affected thereby. Separability clause.

(b) The right to alter, amend, or repeal this Act is hereby expressly reserved.

Approved August 6, 1953.

